

BY-LAWS  
OF  
THE KNICKERBOCKER LOFTS CONDOMINIUM

ARTICLE 1

GENERAL

Section 1.1 Purpose. The purpose of these By-Laws is to set forth the rules and procedures concerning the conduct of the affairs of the Condominium. The Condominium covers the Property, which consists of: (i) the Land, which is located at 52 Webster Avenue in the City of New Rochelle, County of Westchester and State of New York, as specifically set forth in the Declaration of Condominium; (ii) the Building, which includes, without limitation, the Units, the Common Elements and all easements, rights and appurtenances belonging thereto; and (iii) all other property, real, personal, or mixed, intended for use in connection therewith. The Property has been submitted to the provisions of the Condominium Act by the recording of the Declaration in the Register's Office, of which Declaration these By-Laws form a part.

Section 1.2 Definitions. All capitalized terms used in these By-Laws that are not otherwise defined in any of the Articles hereof shall have the meanings set forth in Exhibit C to the Declaration, unless the context in which the same are used shall otherwise require. All capitalized terms used in these By-Laws that are defined in any of the Articles hereof shall have the meanings ascribed to them in such Articles, unless the context in which the same are used shall otherwise require. Each of the aforescribed capitalized terms shall be applicable to singular and to plural nouns, as well as to verbs of any tense.

Section 1.3 Applicability of By-Laws. These By-Laws are applicable to the Property and to the use and occupancy thereof.

Section 1.4 Application of By-Laws. All present and future Unit Owners, mortgagees, lessees, sublessees and occupants of Units, and employees and guests of Unit Owners, as well as all other Persons who may use the Property, are and shall be subject to the Declaration, these By-Laws and the Rules and Regulations, as each of the same may be amended from time to time. The acceptance of a Unit Deed or other instrument of conveyance, or the succeeding to title to, or the execution of a lease or sublease for, or the act of occupancy of, a Unit shall constitute an agreement that the provisions of the Declaration, these By-Laws and the Rules and Regulations, as each of the same may be amended from time to time, are accepted, ratified and will be complied with.

Section 1.5 Principal Office of the Condominium. The principal office of the Condominium shall be located either at the Property or at such other place in the County of Westchester reasonably convenient thereto as may be designated from time to time by the Condominium Board.

## ARTICLE 2

### CONDOMINIUM BOARD

Section 2.1 General. As more particularly set forth in Sections 2.4, 2.5 and 2.6 hereof, the affairs of the Condominium shall be governed by the Condominium Board. In exercising its powers and performing its duties under the Declaration and these By-Laws, the Condominium Board shall act as, and shall be, the agent of the Unit Owners, subject to, and in accordance with, the terms of the Declaration and these By-Laws.

Section 2.2 Status of the Condominium Board. Unless and until the Condominium Board shall incorporate in accordance with the terms of Section 2.4 hereof, the Condominium Board shall have, to the extent permitted by Law, the status conferred upon unincorporated associations under, or pursuant to, the terms of the General Association Law of the State of New York. If the Condominium Board shall incorporate in accordance with the terms of Section 2.4 hereof, the Condominium Board shall have, to the extent permitted by Law, the status conferred upon it under, or pursuant to, the terms of the applicable statutes of the State of New York. In either event, however, the Condominium Board shall also have the status conferred upon it under, or pursuant to, the terms of the Condominium Act.

Section 2.3 Principal Office of the Condominium Board. The principal office of the Condominium Board shall be located either at the Property or at such other place in the County of Westchester reasonably convenient thereto as may be designated from time to time by the Condominium Board.

#### Section 2.4 Powers and Duties of The Condominium Board.

(A) The Condominium Board shall have all of the powers and duties necessary for, or incidental to, the administration of the affairs of the Condominium, provided, however, that the Condominium Board shall not have such powers and duties that by Law, or pursuant to the terms of the Declaration and these By-Laws, may not be delegated to the Condominium Board by the Unit Owners or by Sponsor. Without intention to limit the generality of the foregoing in any respect, the Condominium Board shall have the following specific powers and duties:

(i) to operate, maintain, repair, restore, add to, improve, alter and replace the Common Elements, including, without limitation, as the Condominium Board shall deem necessary or proper in connection therewith: (a) the purchase and leasing of supplies, equipment and material and (b) the employment, compensation and dismissal of personnel;

(ii) to acquire, in the name of the Condominium Board or its designee, corporate or otherwise, and on behalf of the Unit Owners, all rights, titles and interests in real and personal property deemed necessary or proper by the Condominium Board for use in connection with the ownership and operation of the Property as a condominium;

(iii) to maintain complete and accurate books and records with respect to the finances and the operation of the Condominium, including without limitation: (a) detailed accounts, in

chronological order, of receipts and expenditures affecting the Property; (b) detailed books of account of the Condominium Board; (c) other financial records, as well as other books of account of the Condominium, as may be required to be kept pursuant to the terms of these By-Laws; and (d) minutes and other records of all meetings held pursuant to the terms of these By-Laws;

(iv) to prepare and adopt a budget for the Condominium for each fiscal year thereof, setting forth, without limitation: (a) a detailed accounting of the anticipated Common Expenses for the ensuing fiscal year and (b) a detailed projection of all sources and amounts of income necessary to discharge the same;

(v) to determine the amount and establish the means and methods of payment of, and to collect, the Common Charges and Special Assessments from the Unit Owners;

(vi) to borrow money on behalf of the Condominium when required in connection with the operation, maintenance, repair, restoration, improvement, alteration and replacement of the Common Elements, provided, however, that: (a) with respect to the operation, maintenance, repair, restoration, improvements, alteration and replacement of the General Common Elements, the affirmative consent of at least 66 2/3% in aggregate Common Interest, of all Unit Owners (including Sponsor, if Sponsor then owns any Unsold Residential Units or the Commercial Unit) shall be required for the borrowing of any sum in excess of \$75,000.00 in any one calendar year (regardless of the balance of any loans outstanding from previous calendar years); (b) with respect to the operation, maintenance, repair, restoration, improvement, alteration and replacement of the Common Elements, and/or the Limited Common Elements, the affirmative consent of at least fifty-one (51%) percent, both in number and in aggregate Common Interest, of all Unit Owners (including Sponsor, if Sponsor then owns any Unsold Units) shall be required for the borrowing of any sum in excess of \$75,000 in any one fiscal year (regardless of the balance of any loans outstanding from previous fiscal years); (c) no lien to secure repayment of any sum borrowed may be created on any Unit or its Appurtenant Interest without the consent of the owner of such Unit; and (d) the documentation executed in connection with any such borrowing shall provide that, if any sum borrowed by the Condominium Board pursuant to this subparagraph (vi) shall not be repaid by the Condominium Board, any Unit Owner who pays to the creditor thereunder such proportion of the then outstanding indebtedness represented or secured thereby as such Unit Owner's Common Interest bears to the aggregate Common Interests of all Unit Owners, shall be entitled to obtain from the creditor a release of any judgment or other lien that the said creditor shall have filed, or shall have the right to file, against such Unit Owner's Unit;

(vii) to open and maintain bank accounts on behalf of the Condominium and to designate the signatories required therefor which shall at no time be less than two;

(viii) to use the Common Charges and Special Assessments collected from Unit Owners, as well as all other funds held by the Condominium Board or received in connection with the operation of the Property, for the administration of the Condominium, including, without limitation: (a) the payment of Common Expenses, and (b) the making of restorations, additions,

alterations and improvements to the General Common Elements and the Limited Common Elements, respectively;

(ix) to obtain insurance for the Property, including the Units, pursuant to the terms of Section 5.4 hereof;

(x) to adjust and settle claims involving sums of less than \$250,000 under insurance policies obtained pursuant to the terms of Section 5.4 hereof, and to execute and deliver releases upon such adjustment and settlement on behalf of: (a) all Unit Owners; (b) all holders of mortgages and other liens on Units; and (c) all holders of any other interest in the Property; and to adjust and settle claims in excess of \$250,000 under insurance policies obtained pursuant to the terms of Section 5.4 hereof, and to execute and deliver releases upon such adjustment and settlement on behalf of all Unit Owners;

(xi) to make, or to contract with others for the making of, repairs, maintenance, additions and improvements to, and alterations, restorations and replacements of, the Property after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings, all in accordance with the terms of these By-Laws;

(xii) to obtain and keep in force fidelity bonds, in amounts deemed appropriate by the Condominium Board, but in no event less than \$250,000, for: (a) all members of the Condominium Board; (b) all officers and employees of the Condominium; and (c) the Managing Agent, and the premiums on all such fidelity bonds shall constitute a part of the Common Expenses;

(xiii) to accept the surrender of any Residential Unit pursuant to the terms of paragraph (C) of Section 6.2 hereof, in the name of the Condominium Board or its designee, corporate or otherwise, and on behalf of all Residential Unit Owners;

(xiv) to purchase, lease, or otherwise acquire Residential Units offered for sale or lease by their owners, in the name of the Condominium Board or its designee, corporate or otherwise, and on behalf of all Residential Unit Owners;

(xv) to purchase Residential Units at foreclosure or other judicial sales, in the name of the Condominium Board or its designee, corporate or otherwise and on behalf of all Residential Unit Owners;

(xvi) to sell, lease, mortgage and otherwise deal with Residential Units acquired by, and to sublease Residential Units leased by, the Condominium Board or its designee, corporate or otherwise, on behalf of all Residential Unit Owners, provided, however, that the Condominium Board or its designees shall in no event be entitled to vote the votes appurtenant to any such Residential Unit;

(xvii) to adopt and amend the Rules and Regulations and to levy and collect fines against Residential Unit Owners for violations of the same. The collection of any fines may be enforced against the Unit Owner(s) as if such fines were a Common Charge assessed with

respect to and payable by the particular Unit Owner(s) against whom such fines were levied. Such fines shall be collected in addition to, and not in derogation of any rights of the Unit Owners, the Condominium Board or the Condominium;

(xviii) to enforce by legal means the terms, covenants and conditions contained in the Condominium Documents and to bring or defend against any proceedings that may be instituted on behalf of, or against, the Unit Owners;

(xix) to incorporate, to the extent and in the manner provided in the Condominium Act, provided, however, that: (a) the certificate of incorporation and by-laws of any such resulting corporation shall conform as closely as practicable to the terms of the Declaration and these By-Laws and (b) the terms of the Declaration and these By-Laws shall prevail in the event of any inconsistency or conflict between the terms thereof and the terms of such certificate of incorporation and by-laws;

(xx) to organize corporations to act as the designees of the Condominium Board in acquiring title to, or leasing, Residential Units and in acquiring rights, titles and interests in real and personal property for use in connection with the ownership and operation of the Property as a condominium;

(xxi) to execute, acknowledge and deliver: (a) any declaration (including a declaration of single zoning lot) or other instrument affecting the Property that the Condominium Board deems necessary or appropriate to comply with any law applicable to the maintenance, demolition, construction, alteration, repair, or restoration of the Building and (b) any consent, covenant, restriction, easement, or declaration affecting the Property that the Condominium Board deems necessary or appropriate;

(xxii) to prepare, execute, acknowledge and record on behalf of all Unit Owners, as their attorney-in-fact, coupled with an interest, a restatement of the Declaration or these By-Laws, whenever, in the Condominium Board's estimation, it is advisable to consolidate and restate all amendments, modification, additions and deletions theretofore made to the same; and

(xxiii) to carry out any other duties imposed upon the Condominium Board pursuant to the Declaration and these By-Laws.

(B) The Condominium Board shall be responsible for carrying out the duties imposed upon it under the Condominium Documents regardless of whether a Unit is vacant or occupied by the owner thereof or by a permitted lessee or other permitted occupant.

#### Section 2.5 Certain Limitations on the Powers of the Condominium Board.

(A) Notwithstanding anything to the contrary contained in these By-Laws, until there are no longer any Unsold Residential Units, (but in no event for a period in excess of five (5) years following the Initial Unit Closing), the Condominium Board may not, without Sponsor's prior written consent:

(i) make any addition, alteration, or improvement to the Common Elements or to any Unit;

(ii) assess any Common Charges or Special Assessments for the creation or replacement of, or the addition to, all or any part of a reserve, contingency, or surplus fund in excess of 5% in the aggregate of the estimated Common Expenses for any year of operation;

(iii) increase the number or change the type of employees from that described in the Section entitled " Schedule B, Projected Budget For First Year Of Condominium Operation" set forth in the Plan;

(iv) enter into any service or maintenance contracts for work not covered in Schedule B;

(v) borrow money on behalf of the Condominium; or

(vi) exercise a right of first refusal to lease or purchase a Unit.

Provided, however, that Sponsor's written consent shall not be necessary to perform any function or take any action described in items (i) through (vi) above, if and only if, the performance of such function or the carrying out of such an action is necessary, and no other alternative is available, to enable the Condominium Board to comply with laws, rules or regulations of any governmental authority having jurisdiction over the Condominium.

(B) Notwithstanding anything to the contrary contained in these By-Laws, the Commercial Unit Owner shall be entitled to make determinations, in its sole discretion, with respect to the following matters:

(i) operation, care, upkeep, maintenance, repair and replacement of the Commercial Unit;

(ii) the amount and nature of its cost and expense in connection with the operation, care, upkeep and maintenance of the Commercial Unit, subject to the determination of the Condominium Board with respect to General Common Charges;

(iii) the employment and dismissal of personnel necessary for the maintenance and operation of the Commercial Unit;

(iv) the adoption of, and amendments and additions to, rules and regulations affecting the Commercial Unit;

(v) the leasing or granting consent with respect to the sublease of all or any portion of the Commercial Unit or the use thereof by persons or for purposes otherwise permitted and the granting of other consents as are provided in these By-Laws;

(vi) the selling, leasing and/or mortgaging of, and otherwise dealing with, the

Commercial Unit as if it is a separate building;

(vii) making repairs, restorations, additions and improvements to, or alterations of, the Commercial Unit, including the Commercial Common Elements;

(viii) making repairs to and restorations of the Commercial Unit or parts thereof damaged or destroyed by fire or other casualty or necessitated as a result of condemnation or eminent domain proceedings;

(ix) enforcing obligations of Unit Owners and the Condominium Board;

(x) maintaining bank accounts with respect to the Commercial Unit and designating the signatories required therefor;

(xi) adjusting and settling insurance claims (and executing and delivering releases in connection therewith) if the loss involves only the Commercial Unit;

(xii) borrowing money when required in connection with the operation, care, upkeep and maintenance of, or the making of repairs, replacements, restorations, additions to or alterations of, the Commercial Unit or otherwise in connection with any permitted action or activity of the Commercial Unit Owner; provided, however, that (a) no lien to secure repayment of any sum borrowed may be created on any Residential Unit or its appurtenant interest in the Common Elements without the consent of the owner of such Residential Unit and (b) Residential Unit Owners will not be liable for repayment of any portion of any such loan;

(xiii) organizing corporations to act as designees of the Commercial Unit Owner with respect to such matters as the Commercial Unit Owner may determine; and

(xiv) the execution, acknowledgement and delivery of (a) any declaration or other instrument affecting the Commercial Unit which the Commercial Unit Owner deems necessary or appropriate to comply with any Law, ordinance, regulation, zoning resolution or requirement of the Department of Buildings, or any other public authority, applicable to the demolition, construction, alternation, repair or restoration of the Commercial Unit, (b) any consent, covenant, restriction, easement or declaration affecting the Commercial Unit that the Commercial Unit Owner deems necessary or appropriate or (c) any easement permitting access between the Commercial Unit and any property adjoining the Land, including the right to penetrate any General Common Elements located between the Commercial Unit and such adjoining property, provided such penetration does not materially weaken the structural soundness of the Building. Notwithstanding anything to the contrary set forth above, the Commercial Unit Owner shall not be permitted to make any changes to the exterior of the Building except for the purpose of placing signs, advertisements and other notices which shall only be erected with the consent of the Condominium Board, which consent shall not be unreasonably denied, withheld or delayed and, which consent shall be deemed given if no response is made within 30 days of request therefor.

Section 2.6 Exercise and Delegation of Powers and Duties.

(A) Any act within the power of the Condominium Board to perform, and deemed necessary or desirable to be performed by the Condominium Board, shall be performed by the Condominium Board or shall be performed on its behalf and at its direction by the agents, employees, or designees of the Condominium Board.

(B) The Condominium Board may appoint an Executive Committee by duly adopted resolution, which Executive Committee shall have, and may exercise, all of the powers of the Condominium Board subject to both the exceptions and limitations as the Condominium Board may from time to time deem appropriate, during the intervals between the meetings of the Condominium Board. In addition, the Condominium Board may from time to time appoint, by duly adopted resolutions, such other committees as the Condominium Board may deem appropriate to perform such duties and services as the Condominium Board shall direct, each of which committees shall have, and may exercise, all of the powers delegated to it in its enabling resolution, subject, however, to the exceptions and limitations contained in paragraph (D) of this Section 2.6. The Executive Committee and each other committee shall consist of at least three (3) members, at least one of whom shall be a member of the Condominium Board, and at least one of whom shall be a member designated by Sponsor for so long as Sponsor shall have the right to designate or elect one or more members of the Condominium Board.

(C) The Condominium Board may employ a Managing Agent to serve at a compensation to be established by the Condominium Board and to perform such duties and services as the Condominium Board shall direct. Subject to the exceptions and limitations contained in paragraph (D) of this Section 2.6, the Condominium Board may delegate to the Managing Agent any of the powers granted to the Condominium Board in these By-Laws.

(D) Notwithstanding anything to the contrary contained in this Section 2.6, the Executive Committee and the Managing Agent shall neither have nor be entitled to exercise, and the Condominium Board shall not delegate to either of them or to any other committee, the powers or duties described in subparagraphs (ii), (iv), (v), (vi), (xiii), (xiv), (xv), (xvi) and (xvii) of paragraph (A) of Section 2.4 hereof. In addition, neither the Managing Agent nor any of the committees described in Subsection (B) of this Section 2.6 shall have, or be entitled to exercise, any of the powers of the Condominium Board, except to the extent permitted by Law.

Section 2.7 Number, Election and Qualification of Members. Until the first annual meeting of the Unit Owners held pursuant to the terms of Section 4.1 hereof, the Condominium Board shall consist of three individuals to be designated from time to time by Sponsor. Not later than 30 days after (i) the Closing of Title of all Residential Units or (ii) the first anniversary of the Initial Unit Closing, the Condominium Board shall cause the President to call the first annual meeting of the Unit Owners in accordance with the provisions of Section 4.1. From and after the first annual meeting of the Unit Owners, and for so long as Sponsor owns at least one Unsold Residential Unit, the Condominium Board shall consist of five (5) individuals each of whom shall be elected by the Unit Owners. Except for members designated or elected by Sponsor pursuant to the terms of Sections 2.7, 2.10 or 4.9 hereof, all members of the Condominium Board shall be either: (i) individual Unit Owners or (ii) officers, member, managers, directors, shareholders, partners, principals, employees, or beneficiaries of corporations, partnerships,



fiduciaries, or any other entities that are Unit Owners or Permitted Mortgagees. No Unit Owner, however, may be elected to serve on the Condominium Board if the Condominium Board has perfected a lien against such Unit Owner's Unit and the amount necessary to release such lien has not been paid at the time of such election.

Section 2.8 Term of Office of Members. The term of office of each of the 5 individuals elected and qualified at the first annual meeting of the Unit Owners shall expire annually. At each annual meeting of the Unit Owners, members of the Condominium Board shall be elected pursuant to the terms of Section 4.9 hereof to serve a term of office fixed at one year. Notwithstanding anything to the contrary contained in this Section 2.8, however, each member of the Condominium Board shall serve until his successor shall be elected and qualified. Except for members of the Condominium Board designated by Sponsor or the Commercial Unit Owner, no member of the Condominium Board shall be elected to a successive term in office after serving two one-year terms.

Section 2.9 Removal and Resignation of Members.

(A) Any member of the Condominium Board who was elected thereto either by the Unit Owners, pursuant to the terms of Section 4.9 hereof, or by the Condominium Board, pursuant to the terms of Section 2.10 hereof, may be removed from office, with or without cause, by a vote of a Majority of Unit Owners. Any member of the Condominium Board who was designated as such or elected by Sponsor or Sponsor-Affiliate or the Commercial Unit Owner pursuant to the terms of Sections 2.10 or 4.9 hereof, may be removed, without cause, only by Sponsor, Sponsor-Affiliate or the Commercial Unit Owner, as the case may be. Any member of the Condominium Board who was designated as such or elected by Sponsor, Sponsor-Affiliate or the Commercial Unit Owner pursuant to Sections 2.10 or 4.9 hereof, may be replaced only by Sponsor, Sponsor-Affiliate or the Commercial Unit Owner, as the case may be. Any member of the Condominium Board whose proposed removal is to be acted upon at a meeting of the Unit Owners shall be given prior written notice thereof and an opportunity to be present and heard thereat.

(B) Any member of the Condominium Board may resign his or her membership at any time by giving written notice thereof to the Condominium Board, with respect to members of the Condominium Board designated as such or elected by Sponsor, to Sponsor, with respect to members of the Condominium Board designated as such by Sponsor-Affiliate, to Sponsor-Affiliate and with respect to members of the Condominium Board designated as such by the Commercial Unit Owner, to the Commercial Unit Owner. In addition, any member of the Condominium Board who shall cease to be qualified for membership pursuant to the terms of Section 2.7 hereof shall be deemed to have resigned his or her membership effective as of the date upon which such qualification shall cease.

Section 2.10 Vacancies.

(A) Any vacancy on the Condominium Board that is caused by the removal, resignation, or death of a member who was elected thereto by the Residential Unit Owners shall be filled by an individual who is qualified to be a member pursuant to the terms of Section 2.7 hereof and who is elected by a vote of the majority of the members of the Condominium Board who were

elected by Residential Unit Owners. A special meeting of the Condominium Board shall be held for the purpose of filling any such vacancy promptly after the occurrence thereof, and the election held thereat shall be effective to fill such vacancy even if the number of members present at such meeting shall not constitute a quorum.

(B) Any vacancy on the Condominium Board that is caused by the removal, resignation, or death of a member who was designated as such or elected by Sponsor, Sponsor-Affiliate or the Commercial Unit Owner shall be filled by an individual designated by Sponsor, Sponsor-Affiliate or the Commercial Unit Owner, as the case may be.

(C) Each member of the Condominium Board who is elected thereto or designated as such to fill a vacancy pursuant to the terms of paragraph (A) or (B), respectively, of this Section 2.10 shall serve as a member of the Condominium Board for the remainder of the term of the member he or she replaced and until his or her successor shall be elected and qualified at the appropriate annual meeting of the Unit Owners pursuant to the terms of Section 4.9 hereof.

Section 2.11 Organizational Meeting of the Condominium Board. The first meeting of the Condominium Board following each annual meeting of the Unit Owners shall be held within ten days of such annual meeting, at such time and place in the County of Westchester as shall be fixed informally by a majority of the members of the Condominium Board. At such meeting, the officers of the Condominium Board shall be elected.

Section 2.12 Regular Meetings of the Condominium Board. Regular meetings of the Condominium Board may be held at such time and place in the County of Westchester as shall be determined from time to time by a majority of the members thereof; provided that at least four such meetings shall be held during each fiscal year. Regularly scheduled meetings of the Board may be held without special notice.

Section 2.13 Special Meetings of the Condominium Board. The President may call a special meeting of the Condominium Board whenever he deems the same to be necessary or desirable. The President, however, shall call such a meeting upon the written request of three or more members of the Condominium Board. Written notice of all special meetings shall be given to each member thereof by personal delivery, mail, or telegram at least three business days prior to the day named for such meeting, which notice shall state the time, place and purpose of the meeting.

Section 2.14 Waiver of Notice of Meetings. Any member of the Condominium Board may, at any time, waive notice of any meeting thereof in writing, and such waiver shall be deemed equivalent to the giving of notice. Attendance by a member of the Condominium Board at any meeting thereof shall constitute a waiver by him or her of notice of the time and place thereof. If all of the members of the Condominium Board are present at any meeting thereof, no notice of such meeting shall be required and any business may be transacted at such meeting.

Section 2.15 Quorum of the Condominium Board. For purposes of all meetings of the Condominium Board, a majority of the members thereof shall constitute a quorum for the transaction of business. In connection therewith, one or more members of the Condominium

Board may participate in any meeting thereof by means of a conference telephone or similar communications equipment permitting all individuals participating in the meeting to hear each other at the same time, and such participation shall constitute presence at such a meeting for all purposes. If, at any meeting of the Condominium Board, there shall be less than a quorum present, a majority of the members of the Condominium Board in attendance may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At any such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting originally called but for the lack of a quorum may be transacted without further notice.

Section 2.16 Conduct of Meetings. The President shall preside at all meetings of the Condominium Board, and the Secretary shall faithfully record the minutes thereof, which minutes shall include the full text of all resolutions duly adopted by the Condominium Board and a record of all transactions and proceedings occurring thereat. The then current edition of Robert's Rules of Order, or any other rules of procedure from time to time acceptable to a majority of the Condominium Board, shall govern the conduct of the meetings of the Condominium Board unless the same shall be in conflict with the terms of the Declaration, these By-Laws, or the Condominium Act.

Section 2.17 Decisions by the Condominium Board. Except as otherwise provided in the Declaration or these By-Laws, the vote of a majority of the members of the Condominium Board present at a meeting thereof at which a quorum is present shall constitute the decision of the Condominium Board. Alternatively, any decision that is required or permitted to be made by the Condominium Board may be made without a meeting thereof if all of the members of the Condominium Board shall individually or collectively consent in writing to such decision, and all such written consents shall be duly filed by the Secretary of the Condominium in the minutes of the Condominium Board. Any decision of the Condominium Board solely affecting the Commercial Unit may only be made with the affirmative vote of the member of the Condominium Board elected or designated by the Commercial Unit Owner.

Section 2.18 Compensation of Members. No member of the Condominium Board shall receive any compensation from the Condominium for acting as such.

Section 2.19 Common or Interested Members of the Condominium Board. Each member of the Condominium Board shall perform his or her duties, and shall exercise his or her powers, in good faith and with a view to the interests of the Condominium. To the extent permitted by Law, no contract or other transaction between the Condominium Board and either (i) any of its members or (ii) any corporation, partnership, fiduciary, firm, association, or other entity in which any of the members of the Condominium Board are officers, directors, employees, partners, fiduciaries, beneficiaries, or principals, or are otherwise interested, pecuniarily or otherwise, shall be deemed either void or voidable because either (a) any such member of the Condominium Board was present at the meeting or meetings of the Condominium Board during which such contract or transaction was discussed, authorized, approved, or ratified, or (b) the vote of any such member was counted for such purpose, provided, however, that either:

(x) the fact thereof is disclosed to, or known by, the Condominium Board or a majority of the members thereof and noted in the minutes thereof, and the Condominium Board shall authorize, approve, or ratify such contract or transaction in good faith by a vote of a majority of the entire Condominium Board, less the number of such interested members; or

(y) the fact thereof is disclosed to, or known by, a Majority of Unit Owners, in the case of a contract or other transaction relating to the Common Elements, and a Majority of such Unit Owners shall authorize, approve, or ratify such contract or transaction.

Any such member of the Condominium Board may be counted in determining the presence of a quorum of any meeting of the Condominium Board that authorizes, approves, or ratifies any such contract or transaction, but no such member shall be entitled to vote thereat to authorize, approve, or ratify such contract or transaction.

#### Section 2.20 Liability of the Condominium Board.

(A) The members of the Condominium Board shall have no liability to the Unit Owners for errors of judgment, negligence, or otherwise, except that each member of the Condominium Board shall be liable thereto for his own bad faith or willful misconduct. In connection therewith, members of the Condominium Board designated as such by Sponsor, Sponsor-Affiliate or the Commercial Unit Owner shall not be deemed either to have acted in bad faith or to have committed willful misconduct by reason of any self-dealing in connection with any contract made, or other transaction entered into, between the Condominium Board and Sponsor or the Commercial Unit Owner or their respective agents; provided that any compensation paid, or to be paid, to Sponsor or its agents in connection with any such contract or transaction is disclosed in the Plan or an amendment thereto or is at competitive rates for goods sold or services rendered in the County of Westchester.

(B) Every contract made, and other document executed, by or on behalf of the Condominium Board, any committee thereof or the Managing Agent shall expressly state (if obtainable and in addition to the limitation of liability of the officers of the Condominium and the Unit Owners pursuant to the terms of Sections 3.10 and 4.12 hereof, respectively) that the same is made or executed by or on behalf of the Condominium Board, such Committee, or the Managing Agent solely as agent for the Unit Owners, in the case of a contract or other document relating solely to the General Common Elements and/or the Limited Common Elements, and that the members of the Condominium Board or such committee or the Managing Agent shall have no liability thereon, except to the extent of their liability, if any, as Unit Owners pursuant to the terms of Section 4.12 hereof.

(C) Neither the Condominium Board nor any member thereof shall be liable for either:

(i) any failure or interruption of any utility or other services to be obtained by, or on behalf of, the Condominium Board or to be paid for as a Common Expense; or

(ii) any injury, loss, or damage to any individual or property, occurring in or upon either a Unit or the Common Elements, and either: (a) caused by the elements, by any Unit

Owner, or by any other Person; (b) resulting from electricity, water, snow, or ice that may leak or flow from a Unit or any portion of the Common Elements; or (c) arising out of theft or otherwise.

(D) The Board of Managers shall have no liability to the Unit Owners in the management of the Condominium except for willful misconduct or bad faith. In addition, the Unit Owners shall jointly and severally indemnify and hold each member of the Condominium Board harmless from and against any claim or liability arising from his or her acts taken or omissions made in the performance of his or her duties as, or by reason of the fact that such individual is or was, a member of the Condominium Board, except, however, to the extent that such claim or liability shall be due to, or shall arise out of, the bad faith or willful misconduct of such member. The Residential Unit Owners shall jointly and severally indemnify and hold each member of the Condominium Board harmless from and against any claim or liability to others arising from his or her acts or omissions relative to the General Common Elements and/or the Limited Common Elements, as the case may be, as, or by reason of the fact that such individual is or was, a member of the Condominium Board, except, however, to the extent that such claim or liability shall be due to, or shall arise out of, the bad faith or willful misconduct of such member. Such several liability of the Unit Owners, however, shall be limited to such proportion of the total liability thereunder as each such Unit Owner's Common Interest bears to the Common Interest of all Unit Owners.

### ARTICLE 3

#### OFFICERS

Section 3.1 General. The principal officers of the Condominium shall be the President, the Vice President, the Secretary and the Treasurer. The Condominium Board may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as in its discretion may be necessary or desirable. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed, upon the direction of the Condominium Board, by any two officers of the Condominium or by such lesser number of officers or by such other Person or Persons as may be designated from time to time by the Condominium Board.

Section 3.2 President. The President shall be the chief executive officer of the Condominium and shall preside at all meetings of the Unit Owners and of the Condominium Board. The President shall have all of the general powers and duties that are incident to the office of president of a stock corporation organized under the Business Corporation Law of the State of New York (hereinafter referred to as the "BCL"), including, but not limited to, the power to appoint the members of all committees created by the Condominium Board from amongst the Unit Owners from time to time as he or she may decide, in his or her discretion, are appropriate to assist in the conduct of the affairs of the Condominium.

Section 3.3 Vice President. The Vice President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. If both the President and the Vice President are unable to act, the Condominium Board shall appoint some

other member of the Condominium Board to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall be imposed upon him or her from time to time by the Condominium Board or by the President.

Section 3.4 Secretary. The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Condominium Board. The Secretary shall have charge of such books and papers as the Condominium Board shall direct and, in general, shall perform all of the duties that are incident to the office of secretary of a stock corporation organized under the BCL.

Section 3.5 Treasurer. The Treasurer shall have the care and custody of the funds and securities of the Condominium and shall be responsible for keeping full and accurate financial records and books of account thereof, showing all receipts and disbursements necessary for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all funds and other securities in the name of the Condominium Board or in the name of the Managing Agent in such depositories as may from time to time be designated by the Condominium Board and, in general, shall perform all of the duties incident to the office of treasurer of a Stock corporation organized under the BCL.

Section 3.6 Election, Term of Office and Qualification of Officers. Each of the officers of the Condominium shall be elected annually by a majority vote of the Condominium Board taken at the organizational meeting of each new Condominium Board, and shall serve at the pleasure of the Condominium Board. The President, Vice President and the Treasurer shall be elected from amongst the members of the Condominium Board. Such officers of the Condominium, however, need not be Unit Owners and need not have any interest in the Condominium if they are designated by Sponsor, Sponsor-Affiliate or the Commercial Unit Owner. Such officers need be Unit Owners if they are elected by the Residential Unit Owners.

Section 3.7 Removal and Resignation of Officers. Any officer of the Condominium may be removed from office, with cause, by an affirmative vote of a majority of the members of the Condominium Board. In addition, any officer may resign at any time by giving written notice to the Condominium Board. Finally, if any officer of the Condominium shall cease to be a member of the Condominium Board during his or her term of office, such officer shall be deemed to have resigned his or her office effective upon the date upon which his or her membership shall cease.

Section 3.8 Vacancies. Any vacancy in an office shall be filled by a majority vote of the Condominium Board at any regular meeting of the Condominium Board or at a special meeting thereof called for such purpose.

Section 3.9 Compensation of Officers. No officer of the Condominium shall receive any compensation from the Condominium for acting as such.

Section 3.10 Liability of the Officers of the Condominium.

(A) The Officers of the Condominium shall have no liability to the Unit Owners for errors of judgment, negligence, or otherwise, except that each officer of the Condominium shall be liable thereto for his or her own bad faith or willful misconduct. In addition, every contract

made, and other document executed, by one or more officers or other Persons on behalf of the Condominium shall expressly state (if obtainable and in addition to the limitation of liability of the members of the Condominium Board and the Unit Owners pursuant to the terms of Sections 2.20 and 4.12 hereof, respectively) that the same is made or executed by such officers or Persons on behalf of the Condominium solely as agent for the Unit Owners, in the case of a contract or other document relating to the General Common Elements and/or the Limited Common Elements and that such officers or Persons shall have no liability thereon, except to the extent of their liability, if any, as Unit Owners pursuant to the terms of Section 4.12 hereof.

(B) None of the officers of the Condominium shall be liable for either:

(i) any failure or interruption of any utility or other services to be obtained by any such officer on behalf of the Condominium or to be paid for as a Common Expense; or

(ii) any injury, loss, or damage to any individual or property, occurring in or upon either a Unit or the Common Elements, and either (a) caused by the elements, by any Unit Owner, or by any other Person; (b) resulting from electricity, water, snow, or ice that may leak or flow from a Unit or any portion of the Common Elements; or (c) arising out of theft or otherwise.

(C) The Unit Owners shall jointly and severally indemnify and hold each officer of the Condominium harmless from and against any claim or liability to others arising from his or her acts or omissions relating to his or her duties as, or by reason of the fact that such individual is or was, an officer of the Condominium, except, however, to the extent that such claim or liability shall be due to, or shall arise out of, the bad faith or willful misconduct of such officer. The Residential Unit Owners shall jointly and severally indemnify and hold each officer of the Condominium harmless from and against any claim or liability to others arising from his or her acts or omissions relating to the General Common Elements and/or the Limited Common Elements as, or by reason of the fact that such individual is or was, a member of the Condominium Board, except, however, to the extent that such claim or liability shall be due to, or shall arise out of, the bad faith or willful misconduct of such member.

#### ARTICLE 4

#### UNIT OWNERS

Section 4.1 Annual Meeting of the Unit Owners. Within thirty (30) days after the earlier of (i) the Closing of Title of all Residential Units or (ii) the expiration of twelve (12) months from the date of the Initial Unit Closing (as such term is defined in the Plan), the first annual meeting of Unit Owners shall be called. Such meeting shall be held not less than ten (10) days and not more than thirty (30) days after the calling thereof. At such meeting, the incumbent members of the Condominium Board shall resign and the Unit Owners shall elect the five (5) members of the Condominium Board. Thereafter, annual meetings of the Unit Owners shall be

held on the anniversary date of the first annual meeting of Unit Owners, unless such date shall occur on a legal holiday, in which event the meeting will be held on or about the next succeeding business day. At each such subsequent meeting, the Unit Owners shall elect successors to the members of the Condominium Board whose term of office expires on the day of such meeting and shall transact such other business as may properly come before such meeting.

Section 4.2 Special Meetings of the Unit Owners. The President shall call a special meeting of the Unit Owners whenever so directed by a duly adopted resolution of the Condominium Board or upon receipt by the Secretary of a petition calling for such a meeting signed by Unit Owners having, in the aggregate, not less than twenty-five (25%) percent of the Common Interests of all Unit Owners. Each such resolution or petition shall set forth, in reasonable detail, the purposes for calling such a meeting, and no business shall be transacted at such special meeting except business reasonably related to such stated purposes.

Section 4.3 Place of Meetings. Meetings of the Unit Owners shall be held at the principal office of the Condominium or at such other suitable and convenient place in the County of Westchester as may be designated by the Condominium Board.

Section 4.4 Notice of Meetings.

(A) The Secretary of the Condominium shall give notice of each annual or special meeting of the Unit Owners to all Unit Owners then of record entitled to vote at such meeting, which notice shall set forth the purpose, time and place of such meeting. Such notice may be given to any Unit Owner by personal delivery, mail, or telegram not later than five business days prior to the day fixed for the meeting; however, the mailing of such notice to any Unit Owner, addressed to his address at the Property, at least ten days prior to the day fixed for the meeting shall be conclusively deemed the giving of notice to such Unit Owner of such meeting. Any Unit Owner may designate an address for the giving of notice other than such Unit Owner's address at the Property by giving written notice thereof to the Secretary of the Condominium not less than ten days prior to the giving of notice of the applicable meeting.

(B) If the business to be conducted at any meeting of the Unit Owners shall include the consideration of a proposed amendment to the Declaration or to these By-Laws, the notice of such meeting shall be mailed to all Unit Owners at least thirty days prior to the day fixed for such meeting and shall be accompanied by a copy of the text of such proposed amendment.

Section 4.5 Quorum of the Unit Owners. Except as otherwise provided in these By-Laws, the presence, in person or by proxy, of Unit Owners representing at least 51% of the total authorized votes of all Unit Owners shall be required to and shall constitute a quorum at all meetings of the Unit Owners for the transaction of business. If, at any meeting of the Unit Owners, there shall be less than a quorum present, a majority of the Unit Owners present at such meeting, either in person or by proxy, may adjourn the meeting from time to time, without notice other than announcement at the meeting, to a time not less than forty-eight (48) hours from the time fixed for the original meeting or any adjourned meeting until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.



Section 4.6 Conduct of Meetings. The President shall preside at all meetings of the Unit Owners, and the Secretary shall faithfully record the minutes thereof, which minutes shall include the full text of all resolutions duly adopted by the Unit Owners and a record of all transactions and proceedings occurring thereat. The then current edition of Robert's Rules of Order, or any other rules of procedure acceptable to a majority of the Unit Owners present at any meeting, in person or by proxy, shall govern the conduct of the meetings of the Unit Owners, unless the same shall be in conflict with the terms of the Declaration, these By-Laws or the Condominium Act. All votes of the Unit Owners shall be tallied by the persons appointed by the presiding officer of the meeting.

Section 4.7 Order of Business. The order of business at all meetings of the Unit Owners shall be as follows:

- (i) Roll call;
- (ii) Proof of notice of meeting;
- (iii) Reading of the minutes of the preceding meeting (unless waived);
- (iv) Reports of officers of the Condominium;
- (v) Reports of members of the Condominium Board;
- (vi) Reports of committees;
- (vii) Election of inspectors of election (when so required);
- (viii) Election of members of the Condominium Board (when so required);
- (ix) Unfinished business; and
- (x) New business.

Section 4.8 Voting.

(A) Subject to the terms of Section 4.9 hereof, each Unit Owner (including Sponsor and Sponsor-Affiliate for so long as Sponsor or Sponsor-Affiliate shall own at least 1 Residential Unit) shall be entitled to cast one vote at all meetings of the Unit Owners for each Unit owned by such Unit Owner.

(B) Notwithstanding the terms contained in paragraph (A) hereof, no Unit Owner may vote at any meeting of the Unit Owners if the Condominium Board has perfected a lien against such Unit Owner's Unit and the amount necessary to release such lien has not been paid at the time of such meeting. In addition, neither the Condominium Board nor any designee thereof shall be entitled to vote the Common Interest appurtenant to any Unit owned by the Condominium Board or such designee. The number of Units in the Condominium shall be reduced by the number of Units for which Unit Owners are not permitted to vote for purposes of computing quorum requirements and the outcome of votes on issues that require voting by Unit Owners of a specific percentage of the total number of Units in the Condominium.

(C) A fiduciary shall be the voting member with respect to a Unit owned in a fiduciary capacity. In addition, if two or more Persons own a Unit, they shall designate one Person amongst them to cast the vote appurtenant to their Unit in a writing given to the Secretary of the Condominium, and the vote of such designee shall be binding upon all of such Persons. Failing

such a designation, all of such Persons shall mutually cast such vote under one ballot without division, and the concurrence of all such Persons shall be conclusively presumed if any one of them purports to cast such vote without protest being contemporaneously made to the individual presiding over the meeting at which such vote is taken. If protest is made, the vote appurtenant to such Unit shall be counted solely for the purpose of determining whether a quorum is present for such voting.

(D) The owner(s) of any Unit may designate any Person to act as a proxy on his or her behalf. The designation of any such proxy shall be made in a writing both signed and dated by the designor and delivered to the Secretary of the Condominium at or before the appointed time for the meeting(s) during which the same is to be effective. Any such designation shall be revocable at any time upon written notice given to the Secretary of the Condominium; however, no revocation of such a designation shall be effective with respect to any votes cast by such proxy prior to the receipt of such revocation notice by the Secretary of the Condominium or, if such revocation is made at a meeting of the Unit Owners during which the Secretary of the Condominium is not in attendance, by the individual acting as the secretary of such meeting. Except with respect to the designation of a Permitted Mortgagee to act as the proxy of its mortgagor(s), no proxy shall be valid for other than the meeting for which it is to be effective and any subsequent adjournments thereof. A notation of such proxies shall be made in the minutes of the meeting.

(E) Except when otherwise required by Law or otherwise provided in the Declaration or in these By-Laws; the affirmative vote of a Majority of Unit Owners present at a meeting shall be binding upon all Unit Owners for all purposes.

#### Section 4.9 Election of Members of the Condominium Board.

(A) When voting for members of the Condominium Board, each Unit Owner (including Sponsor and Sponsor-Affiliate for so long as Sponsor or Sponsor-Affiliate shall own at least 1 Residential Unit) shall be entitled to cast one vote for each Unit owned by such Unit Owner per member to be elected by the Residential Unit Owners. The Commercial Unit Owner shall be entitled to designate one (1) member to be elected by the Commercial Unit Owner. However, nothing contained herein shall be deemed to permit any Unit Owner to cumulate the votes attributable to the ownership of anyone Unit in favor of anyone or more members to be elected by the Unit Owners. In addition, the terms of paragraphs (B), (C), and (D) of Section 4.8 hereof shall apply to all elections of members of the Condominium Board.

(B) All elections of members of the Condominium Board shall be by written ballot, and each ballot cast shall state: (i) the name of the voting Unit Owner and, if such ballot is cast by proxy, the name of the proxy; (ii) the designation number(s) of the Unit(s) owned by the voting Unit Owner; and (iii) the names of the candidates for whom such ballot is cast (the number of which names shall not exceed the number of members to be elected). Any ballot that is not cast in conformity with this paragraph (B) shall not be counted. All election ballots shall be retained in the records of the Condominium, appropriately segregated by election for a period of two years.

(C) Subject to the terms of paragraph (D) of this Section 4.9, all elections of members of the Condominium Board shall be determined by plurality vote of Unit Owners present at a duly convened meeting.

(D) The Sponsor shall be entitled to designate a majority of the members of the Condominium Board until the closing of title to ninety percent (90%) of the Residential Units in the Condominium has occurred; provided, however, that the Sponsor may not control the Condominium Board for more than ten (10) years after the date of Initial Unit Closing. So long as the Sponsor owns one (1) Residential Unit in the Condominium it may designate one less than a majority of the members of the Condominium Board of Managers, which members need not be Unit Owners.

(E) Within thirty (30) days after the Initial Control Period any such time thereafter as Sponsor shall no longer be entitled, or shall have waived in writing the right, to designate any members to the Condominium Board, the applicable number of members of the Condominium Board representing the Residential Unit Owners which were designated by Sponsor shall resign and their replacement shall be filled by a majority vote of the members of the Condominium Board representing the Residential Unit Owners (excluding members designated by Sponsor) at any regular meeting of the Condominium Board or at a special meeting thereof called for such purpose in accordance with the provisions of Section 2.10 hereof.

Section 4.10 Action Without a Meeting. Any action required or permitted to be taken by the Unit Owners at a duly constituted meeting may be taken without such a meeting if the number of Unit Owners sufficient to approve such an action at a duly constituted meeting of the Unit Owners pursuant to the Declaration or to these By-Laws consent in writing to the adoption of a resolution approving such action. All written consents given by Unit Owners pursuant to this Section 4.10 shall be retained in the records of the Condominium together with a true copy of the resolutions to which they relate.

Section 4.11 Title to Units. Title to any Unit may be taken by any Person or by any two or more Persons as joint tenants with right of survivorship, tenants by the entirety or tenants in common as may be appropriate.

Section 4.12 Contractual Liability of Unit Owners. Every contract made by the Condominium Board, by any officer of the Condominium, or by any superintendent or Managing Agent of the Building shall state (if obtainable and in addition to the limitation of liability of the members of the Condominium Board and the officers of the Condominium pursuant to the terms of Section 2.20 and 3.10 hereof, respectively) that the liability of any Unit Owner with respect thereto shall be limited to: (i) such proportionate shares of the total liability thereunder as the Common Interest of such Unit Owner bears to the aggregate Common Interests of all Unit Owners, and (ii) such Unit Owner's interest in his Unit and its Appurtenant Interest, unless otherwise provided by Law.

## ARTICLE 5

## OPERATION OF THE PROPERTY

### Section 5.1 Maintenance and Repairs.

(A) Except as otherwise provided in the Declaration or in these By-Laws, all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or extraordinary:

(i) in or to any Unit and all portions thereof (including, but not limited to, the interior walls, ceilings and floors in the Unit, kitchen and bathroom fixtures and appliances, windows, and their frames, sills and sashes, all entrance doors and their frames and saddles, exposed plumbing, gas and heating fixtures and equipment, heating, ventilating and air conditioning (HVAC) systems, lighting and electrical fixtures and any Common Elements incorporated therein pursuant to paragraph (B) of Section 5.8 hereof, but excluding any other Common Elements contained therein) shall be performed by the owner of such Unit at such Unit Owner's cost and expense;

(ii) in or to the General Common Elements (other than any General Common Elements incorporated into one or more Units) shall be performed by the Condominium Board as a General Common Expense of which each Unit Owner shall pay his, her or its allocable share in accordance with his, her or its Common Interest.

(iii) in or to the Residential Common Elements (other than any Residential Common Elements incorporated into one or more Units), shall be performed by the Condominium Board as a Residential Common Expense;

(iv) in or to the Limited Common Elements (other than any Limited Common Elements incorporated into one or more Units) shall be performed (a) by the Condominium Board as a Common Expense, if involving painting or structural or extraordinary maintenance, repairs, or replacements (including, but not limited to, the repair of any leaks that are not caused by the acts or omissions of the Residential Unit Owner having direct and exclusive access thereto), or (b) by the Residential Unit Owner having direct and exclusive access thereto at such Residential Unit Owner's sole cost and expense, if involving non-structural ordinary maintenance, repairs or replacements.

The foregoing notwithstanding, maintenance of, and repairs to, the Parking Spaces (except for normal maintenance and maintenance or repairs caused by the acts or omissions of the Residential Unit Owner having direct and exclusive access thereto) shall be performed by the Condominium as a General Common Expense. Each Unit Owner shall report to the Condominium Board or to the Managing Agent any defect or need for repairs for which the Condominium Board is responsible pursuant to the terms hereof promptly upon obtaining knowledge thereof. All painting, decorating, maintenance, repairs and replacements performed hereunder or otherwise, whether by or at the behest of a Unit Owner or the Condominium Board, shall be performed in such a manner as shall not unreasonably disturb or interfere with any Unit Owner or the tenants and occupants of any Unit.

(B) Notwithstanding anything to the contrary provided in paragraph (A) of this Section 5.1, if any painting, decorating, maintenance, repairs, or replacements to the Property or any part thereof, whether structural or non-structural, ordinary or extraordinary, is necessitated by the negligence, misuse, or abuse of (i) any Unit Owner, the entire cost and expense thereof shall be borne by such Unit Owner, or (ii) the Condominium Board, the entire cost and expense thereof shall be borne by the Condominium Board as a General Common Expense attributable to all Unit Owners if relating to the General Common Elements and/or the Limited Common Elements except, to the extent that such cost and expense is covered by the proceeds of any insurance maintained pursuant to the terms of these By-Laws. Similarly, each Unit Owner shall be responsible for any and all damage to any Unit or to the Common Elements resulting from such Unit Owner's failure to maintain, repair, or replace his or her Unit or any portion thereof as required herein.

(C) Each Residential Unit and all portions of the Common Elements shall be kept in first-class condition, order and repair (and free of snow, ice and accumulation of water with respect to any roof, or other part of the Property exposed to the elements) by the Unit Owner or the Condominium Board, whichever is responsible for the maintenance thereof as set forth herein, and such Unit Owner or the Condominium Board, as the case may be, shall promptly make or perform, or cause to be made or performed, all maintenance work (including, without limitation, painting, repairs and replacements) that is necessary in connection therewith. In addition, the public areas of the Building and those areas exposed to public view shall be kept in good appearance, in conformity with the dignity and character of the Building, by (i) the Condominium Board, with respect to such parts of the Building required to be maintained by it, and (ii) each Unit Owner, with respect to terraces, balconies and garden terraces and the interior surfaces of windows and shades, Venetian or other blinds, drapes, curtains or other window decorations in or appurtenant to his or her Unit.

(D) All normal maintenance, repairs and replacements of all terraces, balconies and garden terraces are to be made by the Residential Unit Owner having access to and the exclusive use of such terrace, balcony or garden terrace, at his own cost and expense, but any painting of, or structural or extraordinary repairs or replacements to, such terraces, balconies or garden terraces (including any leaks which are not caused by the acts or negligence of the Residential Unit Owner having access to and the exclusive use of the same) will be made by the Condominium Board and the cost and expense thereof will be charged to all Unit Owners as a Common Expense, of which each Unit Owner shall pay his or her allocable share in accordance with his or her Common Interest.

(E) No window in the Building shall be cleaned from the outside in violation of Section 202 of the Labor Law or of the rules of the Industrial Board or other state, county or municipal department, board or body having or asserting jurisdiction.

#### Section 5.2 Alterations, Additions, Improvements, or Repairs in and to Units.

(A) Subject to the terms of paragraph (B) of this Section 5.2, no Residential Unit Owner shall make any structural alteration, addition or improvement, in or to his or her Residential Unit without the prior written approval of the Condominium Board. In the event, however, that the

Condominium Board shall fail to answer any written, reasonably detailed request for such approval within thirty days after such request is received, such failure to respond shall constitute the Condominium Board's consent thereto. Prior to, and as a condition of, the granting of any such approval, the Condominium Board may, at its sole option, require the Residential Unit Owner to procure and agree to maintain during the course of such work such insurance as the Condominium Board may reasonably prescribe and to execute an agreement, in form and substance satisfactory to the Condominium Board, setting forth the terms and conditions under which such alteration, addition, or improvement, may be made, including, without limitation, the indemnity referred to in paragraph (D) hereof and the days, hours during which any such work may be done and any other condition that the Condominium Board may reasonably require.

(B) Notwithstanding anything to the contrary contained in paragraph (A) of this Section 5.2, however, Sponsor and Sponsor-Affiliate shall have the right, pursuant to the terms of Article 12 of the Declaration, to (i) make any alterations, additions, improvements, or repairs in or to any Unsold Residential Unit, whether structural or non-structural, interior or exterior, ordinary or extraordinary, and (ii) subdivide, combine and change the boundary walls of Unsold Residential Units, all without the approval of the Condominium Board, any Unit Owner or the holder of any mortgage on a Unit. In addition, pursuant to the terms of Article 12 of the Declaration, the Commercial Unit Owner shall have the right to make any alterations, additions, improvements, or repairs in or to the Commercial Unit, whether structural or non-structural, interior or exterior, ordinary or extraordinary, and subdivide, combine or change the boundary walls of the Commercial Unit without the approval of the Condominium Board, any Unit Owner or the holder of any mortgage on a Unit.

(C) All alterations, additions, improvements and repairs by Unit Owners shall be made in compliance with Law. In connection therewith, the Condominium Board shall execute applications to any departments of the City of New Rochelle, or to any other governmental agencies having jurisdiction thereof, for any and all permits required in connection with the making of alterations, additions, improvements, or repairs in or to a Unit provided that, with respect to all such work of a structural nature to a Residential Unit (but other than that of the nature described in paragraph (B) hereof), the same was approved by the Condominium Board pursuant to the terms of paragraph (A) hereof.

(D) Neither the Condominium Board nor any Unit Owner (other than the Unit Owner(s) making any alterations, improvements, additions, or repairs, or causing any of the same to be made, in or to his, her or their Unit(s)) shall incur any liability, cost or expense either (i) in connection with the preparation, execution or submission of the applications referred to in paragraph (C) hereof; (ii) to any contractor, subcontractor, materialman, architect or engineer on account of any alterations, improvements, additions or repairs made or caused to be made by any Unit Owner; or (iii) to any Person asserting any claim for personal injury or property damage arising therefrom. Any Unit Owner making any alterations, improvements, additions or repairs, or causing any of the same to be made, in or to his Unit shall agree (in writing executed and delivered to the Condominium Board, if the Condominium Board shall so request), and shall be deemed to agree (in the absence of such writing) to indemnify and hold the Condominium Board, the members of the Condominium Board, the officers of the Condominium, the Managing Agent

and all other Unit Owners harmless from and against any such liability, cost and expense, including, without limitation, any reasonable attorneys' fees incurred in connection therewith.

Section 5.3 Alterations, Additions, or Improvements to the Common Elements. Except as otherwise provided in the Declaration or in these By-Laws, all necessary or desirable alterations, additions, or improvements in or to any of the Common Elements shall be made by the Condominium Board, and the cost and expense thereof shall constitute a General Common Expense attributable to all Unit Owners. Notwithstanding the foregoing, however, whenever the cost and expense of such alterations, additions, or improvements would, in the judgment of the Condominium Board, exceed \$75,000 with respect to either the General Common Elements and/or the Limited Common Elements, if applicable, at any one time, in any fiscal year, such proposed alterations, additions or improvements shall not be made unless first approved by the Unit Owners, if relating to the General Common Elements, or the Residential Unit Owners, if relating to the General Common Elements and/or the Limited Common Elements (including Sponsor if Sponsor then owns any Unsold Residential Unit) owning 25% of the aggregate Common Interests at a duly constituted meeting of the Unit Owners, the Residential Unit Owners, as applicable, and by the Mortgage Representatives, if any. Except as otherwise provided in the Declaration and in these By-Laws, all such alterations, additions, or improvements costing \$75,000 or less, in any fiscal year may be made as aforesaid without the approval of either the Unit Owners or any Mortgage Representatives. Notwithstanding the foregoing, no additions, alterations, or improvements shall be made to the General Common Elements, regardless of the cost thereof, unless the consent of Sponsor (so long as Sponsor shall own Unsold Residential Units representing 10% or more in number or in Common Interests) is first obtained. In no event will the limitations imposed in the preceding sentence continue for more than five years from the Initial Unit Closing.

Section 5.4 Insurance.

(A) If the same shall be obtainable, the Condominium Board shall obtain, and shall maintain in full force and effect, special multi-peril insurance policies including fire with extended "all risk" coverage, replacement cost coverage and agreed valuation, vandalism and malicious mischief endorsements, insuring the entire Building (including each Unit and the bathroom and kitchen fixtures installed therein on the date of recording the Declaration and all service machinery contained therein, but not including appliances, fixtures, improvements or any furniture, furnishings, decorations, belongings, or other personal property supplied or installed by Unit Owners or the tenants of Unit Owners) and covering the interest of the Condominium, the Condominium Board, all of the Unit Owners and all Permitted Mortgagees, as their interest may appear. Each of the said policies shall contain:

(i) waivers of (a) subrogation, (b) any defense based upon co-insurance or other insurance, (c) invalidity arising out of any acts of the insured and (d) pro-rata reduction of liability;

(ii) a provision that any adjustment or loss will be made by the Condominium Board and that all proceeds thereof shall be paid to either the Condominium Board or the Insurance Trustee, as provided in Section 5.5 hereof, except that any adjustment of loss relating to the

Commercial Unit will be made solely by the Commercial Unit Owner and all proceeds thereof shall be paid to the Commercial Unit Owner, as provided in Section 5.5 hereof;

(iii) a New York standard mortgagee clause in favor of each Permitted Mortgagee, which shall provide that the proceeds thereof shall be paid to such Permitted Mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Condominium Board and the Insurance Trustee set forth in subparagraph (ii) above and in Section 5.5 hereof; and

(iv) a provisions that such policy may not be either cancelled or substantially modified except upon at least ten days' prior written notice to all of the insureds, including all Permitted Mortgagees.

Duplicate originals or certificates of insurance of all such policies and of all renewals thereof, together with proof of payment of premiums, shall be on file at the office of the Managing Agent or manager (if any). Copies thereof shall be delivered to any Unit Owner or Permitted Mortgagee on written request thereof.

(B) The Condominium Board shall also obtain and maintain, to the extent practicable and appropriate:

(i) comprehensive general liability insurance covering all claims for personal injury or property damage arising out of any occurrence on the Property and listing as co-insureds (a) the Condominium Board and each member thereof, (b) the Managing Agent or manager (if any), (c) each officer and employee of the Condominium and (d) each Unit Owner (except, however, that such insurance shall not cover any liability of a Unit Owner arising from occurrences within his or her own Unit or its Limited Common Elements, if any);

(ii) rent insurance;

(iii) workmen's compensation and New York State disability benefits insurance;

(iv) boiler and machinery insurance;

(v) water damage legal liability insurance;

(vi) elevator liability and collision insurance;

(vii) officers and directors liability insurance;

(viii) fidelity bonds;

(ix) condominium contents;

(x) non-ownership automobile liability;



(xi) commercial umbrella insurance;

(xii) plate glass insurance; and

(xiii) such other insurance as the Condominium Board shall from time to time determine.

Each of the aforementioned policies of insurance shall also cover cross-liability claims of one insured against another.

(C) All policies of insurance to be maintained by the Condominium Board shall contain such limits as the Condominium Board shall from time to time determine, provided, however, that:

(i) with respect to any insurance policies maintained by the Condominium Board pursuant to paragraph (A) hereof, the coverage shall be in an amount equal to not less than one hundred percent (100%) of the full replacement cost of the building, exclusive of footings and foundations, without deduction for depreciation, as approved by a fire insurance company, a qualified insurance broker, or another qualified source;

(ii) with respect to any insurance policies maintained by the Condominium Board pursuant to subparagraph (i) of paragraph (B) hereof, such policies shall contain single limits of not less than \$1,000,000 in the aggregate; and

(iii) with respect to any insurance policies maintained by the Condominium Board pursuant to subparagraph (ii) of paragraph (B) hereof, the coverage shall be in an amount equal to the aggregate of all of the Unit Owner's Common Charges for one year.

Any insurance policies maintained by the Condominium Board may also provide for such deductible amounts as the Condominium Board shall determine. The Condominium Board shall review the limits of each insurance policy, as well as the amount of any deductible sum thereunder, at least once each year.

(D) The cost of all insurance maintained by the Condominium Board pursuant to this Section 5.4, together with the fees and disbursements of any Insurance Trustee appointed by the Condominium Board pursuant to the terms of these By-Laws, shall be borne by the Unit Owners as a General Common Expense.

(E) Unit Owners shall not be prohibited from carrying other insurance for their own benefit, provided that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing the insurance maintained by the Condominium Board shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

#### Section 5.5 Casualty or Condemnation.

(A) In the event that either (i) the Building or any part thereof is damaged or destroyed by fire or other casualty ("Casualty Loss") or (ii) the General Common Elements and/or the Limited Common Elements or any part thereof is taken in condemnation or by eminent domain ("Taking"), the net insurance proceeds payable under the insurance policies maintained by the Condominium Board pursuant to the terms of Section 5.4 hereof by reason of such Casualty Loss or the net condemnation awards receivable by reason of such Taking, as the case may be, shall be payable either to the Condominium Board, if the same shall be \$250,000 or less in the aggregate, or to the Insurance Trustee, if the same shall exceed \$250,000 in the aggregate. In either instance, all such monies actually received ("Trust Funds") shall be held in trust for the benefit of the Commercial Unit Owner with respect to the portion thereof allocated to a Casualty Loss to or Taking of the Commercial Unit and/or any Limited Commercial Common Elements and for the benefit of all Residential Unit Owners with respect to the portion thereof allocated to a Casualty Loss to or Taking of the General Common Elements, the Limited Common Elements and/or the Residential Units, and their Permitted Mortgagees and shall be disbursed pursuant to the terms of this Section 5.5. Notwithstanding anything to the contrary contained either in this paragraph (A) or elsewhere in this Section 5.5, however, no Unit Owner whose Unit, its appurtenant Common Elements, if any, or any portion thereof, are taken in condemnation or by eminent domain (whether or not all or a part of the Common Elements are contemporaneously taken) shall be deemed to have waived whatever rights that he or she may have to pursue a separate claim against the condemning authority by reason thereof.

(B) Subject to the terms of paragraph (D) hereof, the Condominium Board shall arrange for the prompt repair or restoration ("Work") of: (i) in the event of a Casualty Loss, the portion(s) of the Building (including all Units and the bathroom and kitchen fixtures installed therein on the date of recording the Declaration and all service machinery contained therein, but not including appliances, fixtures and other improvements made therein by a Unit Owner, or any furniture, furnishings, decorations, belongs, or other personal property supplied or installed by either Unit Owners or the tenants of Unit Owners) affected by such Casualty Loss or (ii) in the event of a Taking, the portion(s) of the Common Elements affected by such Taking. If, pursuant to the immediately preceding sentence, Work is to be performed in or to Units, Common Elements that service or enclose Units and other Common Elements, or any combination of the foregoing, the Work shall be performed to the extent practicable, first in or to the Units, next in or to the Common Elements that service or enclose Units and then in or to the balance of the Common Elements.

(C) In the event that Work shall be performed pursuant to the terms of paragraphs (B) and (D) of this Section 5.5, the Condominium Board or the Insurance Trustee, as the case may be, shall disburse the Trust Funds to the contractors engaged in the Work in appropriate progress payments. If the Trust Funds shall be less than sufficient to discharge the cost and expense of performing the Work, the Condominium Board shall levy a Special Assessment against all Unit Owners for the amount of such deficiency in proportion to their respective Residential Common Interests, for Work to the Residential Units or the Residential Common Elements or the Limited Residential Common Elements, and against the Commercial Unit Owner for the amount of such deficiency for Work to the Commercial Unit or any Limited Commercial Common Elements, and all proceeds of such Special Assessment shall become part of the Trust Funds. If, conversely, the Trust Fund shall prove to be more than sufficient to discharge the cost and

expense of performing the Work, such excess shall be paid to all Unit Owners in proportion to their respective Residential Common Interests, with respect to Work to the Residential Units or the Residential Common Elements or the Limited Residential Common Elements, and to the Commercial Unit Owner, with respect to Work to the Commercial Unit or any Limited Commercial Common Elements, except that no payment shall be made to a Unit Owner until there has first been paid, out of such Unit Owner's share of such excess, such amounts as may be necessary to reduce unpaid liens on the Unit Owner's Unit (other than mortgages that are not Permitted Mortgages) in the order of priority of such liens. Notwithstanding the foregoing, however, in the event that the Unit Owners are assessed pursuant to the terms of the second sentence of this paragraph (C) for any projected deficiency in the amount of the Trust Funds available to the Condominium Board and, after the payment of all costs and expenses incurred in connection with the Work, any portion of the Trust Funds remain unspent, such excess Trust Funds shall, to the extent of such Special Assessment, shall be paid to the Unit Owners so assessed in proportion to their respective Common Interest, with respect to Work to the General Common Elements, and to all Residential Unit Owners in proportion to their respective Residential Common Interests, with respect to Work to the Residential Units or the Residential Common Elements or the Limited Residential Common Elements, and to the Commercial Unit Owner, with respect to Work to the Commercial Unit or any Limited Commercial Common Elements, free of any claim or any lienor (including without limitation, any Permitted Mortgagee).

(D) If either 75% or more of the Building is destroyed or substantially damaged by fire or other casualty or 75% or more of the Common Elements are taken in a Taking, the Work shall not be performed unless 75% or more of all Unit Owners (including Sponsor if Sponsor shall then own any Residential Units), in aggregate Common Interests, shall promptly resolve to proceed with the same. In the event that a sufficient number of Unit Owners shall so resolve, the Work shall be performed pursuant to the terms of paragraph (B) and (C) hereof. Conversely, in the event that a sufficient number of Unit Owners shall either fail or refuse to so resolve, the Work shall not be performed and the Property shall be subject to an action for partition by any Unit Owner or lienor, as if owned in common, in which event the net proceeds of the resulting sale, together with any Trust Fund, shall be paid to all Unit Owners in proportion to their respective Common Interest, to the extent allocated to destroyed or damaged portions of the General Common Elements and to all Residential Unit Owners in proportion to their respective Residential Common Interest, to the extent allocated to destroyed or damaged portions of the Residential Units or the Residential Common Elements or the Limited Residential Common Elements, and to the Commercial Unit Owner, to the extent allocated to destroyed or damaged portions of the Commercial Unit or Limited Commercial Common Elements, except that no payment shall be made to a Unit Owner until there has first been paid, out of such Unit Owner's share of such funds, such amounts as may be necessary to payoff unpaid liens on the Unit Owners' Unit (other than mortgages that are not Permitted Mortgages) in the order of priority of such liens.

(E) In the event that the damage resulting from a Casualty Loss shall (i) render one or more Units wholly or partially unusable for the purposes permitted herein and in the Declaration or (ii) destroy the means of access to one or more Units, the installments of Common Charges otherwise payable by the owner of any Unit so affected thereby shall proportionately abate until

such Units shall again be rendered usable for such purposes and/or until the means of access thereto shall be restored, as the case may be. Notwithstanding the foregoing, however, if such Casualty Loss shall be caused by the act, the omission to act, or the negligence of the owners of a Unit so affected thereby, by a Family Member of such Unit Owner, or by a tenant or other occupant of such Unit, such installments of Common Charges shall abate only to the extent of any proceeds of rent insurance actually collected by the Condominium Board with respect to such Unit.

(F) If (i) a portion of any Unit shall be taken in condemnation or by eminent domain and (ii) the Condominium shall not be terminated by reason of a substantial Taking pursuant to the terms of paragraph (D) hereof, the Common Interest appurtenant to such Unit shall be adjusted in the proportion that the total floor area of such Unit and its appurtenant Limited Common Elements, if any, after such Taking bears to the total floor area of such Unit and its appurtenant Limited Common Elements, if any, prior to such Taking. The Condominium Board shall promptly prepare and record an amendment to the Declaration reflecting the new Common Interest appurtenant to such Unit, which amendment shall be executed by the owner of such Unit together with the holders of record of any liens thereon (or, in lieu of execution by such Unit Owner and lienors, the same may execute a consent to such amendment in recordable form). Following the Taking of a portion of a Unit and the recording of the aforementioned amendment to the Declaration, the votes appurtenant to such Unit shall be based upon the new Common Interest of such Unit, and, in the event of a Taking of an entire Unit, the right to vote appurtenant to such Unit shall wholly terminate. In either event, the Common Interests of the other or remaining Units shall be adjusted accordingly and reflected in an amendment to the Declaration duly executed and acknowledged by the Condominium Board and the owners of, together with the holders of record of all liens upon all of the other or remaining Units.

(G) As used in this Section 5.5, the terms:

(i) "Prompt repair or restoration" shall mean that the work is to be commenced not more than either: (a) sixty days after the date upon which the Insurance Trustee notifies the Condominium Board and the Unit Owners that it has received Trust Funds sufficient to discharge the estimated cost and expense of the Work, or (b) ninety days after the date upon which the Insurance Trustee notifies the Condominium Board and the Unit Owners that it has received Trust Funds insufficient to discharge the estimated cost and expense of the work, or (c) in the event that the Trust Funds are payable to the Condominium Board pursuant to the terms of paragraph (A) of this Section 5.5, sixty days after the date upon which the Condominium Board notifies the Unit Owners that it has received the Trust Funds, whether or not the same are sufficient to discharge the cost and expense of the work; and

(ii) "Promptly resolve" shall mean that a resolution shall be duly made not more than sixty days after the date upon which the Condominium Board or the Insurance Trustee, as the case may be, notifies the Unit Owners that it has received the Trust Funds and that the same are or are not sufficient to discharge the estimated cost and expense of the Work, as the case may be.

(H) Any dispute that may arise under this Section 5.5 between Unit Owners or between any Unit Owner(s) and the Condominium Board shall be resolved by arbitration pursuant to the terms of Article 10 hereof.

Section 5.6 Use of the Property.

(A) No nuisance shall be allowed on the Property, nor shall any use or practice be allowed that either is a source of annoyance to its residents or interferes with the peaceful possession or proper use of the Property by its residents or occupants. No immoral, improper, offensive, or unlawful use shall be made of the Property or any portion thereof, and all valid Laws relating to any portion of the Property shall be complied with at the sole cost and expense of the respective Unit Owners or the Condominium Board, whoever shall have the obligation to maintain or repair such part of the Property.

(B) Nothing shall be done or kept in any Residential Unit or in any of the Common Elements that would increase the rate of insurance for the Property, except upon the prior written consent of the Condominium Board. In the event that the rate of insurance for the Property is increased as a direct result of a particular or unique use being made of any Commercial Unit and not as a result of the typical uses for which the Commercial Unit may be occupied or for which commercial space in similar buildings is normally occupied, the Commercial Unit Owner shall be obligated to pay the amount of such increase in the rate of insurance. No Unit Owner shall permit anything to be done or kept in a Unit or in the Common Elements that will result in the cancellation of insurance on the Property or the contents thereof or that would be in violation of any Law. No waste shall be committed in the Common Elements.

(C) Nothing shall be done in any Unit or in, on, or to the Common Elements that will impair the structural integrity of the Property or will structurally change the Building, except as is otherwise provided in the Declaration or in these By-Laws. In no event shall interior partitions contributing to the support of any Unit or the Common Elements be altered or removed.

Section 5.7 Use of the Units.

(A) In order to provide for congenial occupancy of the Property and for the protection of the values of the Units, the use of Units shall be restricted to, and shall be in accordance with, the terms contained in the balance of this Section 5.7.

(B) Subject to the terms of paragraphs (C) and (D) of this Section 5.7, each Residential Unit shall be used only as a residence, and not more than one family may occupy a Residential Unit at any one time and the Commercial Units may be used for any purpose permitted by Law. A Residential Unit owned or leased by an individual, corporation, partnership, fiduciary, or any other entity may be occupied only by said individual, or by an officer, director, stockholder, or employee of such corporation, or by a partner or employee of such partnership, or by said fiduciary (including directors, officers, stockholders, or employees of corporate fiduciaries and partners and employees of partnership fiduciaries), or by the beneficiary of said fiduciary, or by a principal, member, manager or employee of such other entity, respectively, or by the Family Members and guests of any of the foregoing (and nothing herein contained shall be deemed to

prohibit the exclusive occupancy of any Residential Unit by such Family Members or guests). Notwithstanding the foregoing, Sponsor (or, when there are no longer any Unsold Residential Units, the Condominium Board) may, in its sole discretion, permit Persons other than those set forth above to occupy a Residential Unit. In no event, however, shall a portion of a Residential Unit (as opposed to the entire Residential Unit) be sold, conveyed, leased, or subleased and no transient occupant (other than a guest permitted under this paragraph(B)) may be accommodated therein.

(C) The Condominium Board may, in its sole discretion, consent to the use of a Residential Unit as a professional or business office or for any purpose other than set forth in paragraph (B) hereof; provided that the nature and manner of such use complies with Law and does not violate the then existing Certificate of Occupancy covering such Residential Unit. Any such consent shall be in writing and shall be personal to such Residential Unit Owner. Any lessee of, or successor in title to, such Residential Unit Owner shall be required to obtain the prior written consent of the Condominium Board before using such Residential Unit for any purpose other than that set forth in paragraph (B) hereof.

(D) Notwithstanding anything to the contrary contained in this Section 5.7, Sponsor or Sponsor-Affiliate may, without the consent of either the Condominium Board or the Unit Owners:

(i) grant permission for the use of any Unsold Residential Unit as a professional office or for any other purpose, provided that the nature and manner of such use is permitted by Law and the user thereof complies with all applicable governmental regulations; and

(ii) use any Unsold Residential Units as models and offices for the sales, promotions, rental, management and operation of the Unsold Units or for any other purpose, subject only to compliance with Law.

(E) The Commercial Unit may be used for such purpose as are permitted by Law. The Commercial Unit Owner shall have the right, to the extent permitted by Law, to erect, maintain, repair and replace, from time to time, one or more signs, of such size and content as the Commercial Unit Owner shall determine, on, about, or adjacent to the Commercial Section of the Property (including on the exterior walls of the Commercial Section of the Building) for the purpose of advertising the sale or lease of all or any portion of the Commercial Unit and the operation of any business of a tenant or occupant of all or any portion of the Commercial Unit.

#### Section 5.8 Use of the Common Elements.

(A) Subject to the terms of paragraphs (B) and (C) of this Section 5.8, the Common Elements (including, without limitation, the electrical, heating, gas, plumbing and other mechanical systems and equipment of the Building and the Facilities) may be used only for the furnishing of the services and facilities, and for the other uses, for which they are reasonably suited and capable. In addition, no furniture, packages, or objects of any kind shall be placed in the lobbies, vestibules, public halls, stairways, public elevators, or any other part of the Common Elements (except for those areas designated as storage areas) without the prior written consent of

the Condominium Board. The residential lobbies, vestibules, public halls, stairways and public elevators shall be used only for normal passage through them. Accordingly, all Residential Unit Owners shall require their tradesmen to utilize exclusively the elevator and entrance designated by the Condominium Board for transporting packages, merchandise, or other objects.

(B) The terms of paragraph (A) of this Section 5.8 shall not apply to Sponsor or Sponsor-Affiliates for so long as there are any Unsold Residential Units. Sponsor and Sponsor-Affiliates shall have the right, without charge or limitation, to: (i) erect and maintain signs of any size or content determined by Sponsor or Sponsor-Affiliates on or about any portion of the Common Elements chosen by Sponsor or Sponsor-Affiliates including, without limitation, on the exterior walls of the Building or adjacent to the main residential entrance thereof; (ii) have its employees, contractors, subcontractors and sales agents present on the Property; and (iii) do all things necessary or appropriate, including the use of the Common Elements, to sell, lease, manage, or operate Unsold Residential Units, to complete any work or repairs to the Building expressly undertaken by Sponsor or a Sponsor-Affiliate and to comply with Sponsor's obligations under the Plan and the Condominium Documents.

#### Section 5.9 Rights of Access.

(A) Each Unit Owner shall grant to the Condominium Board, to the Managing Agent or manager (if any), to the superintendent and/or to any other Person authorized by any of the foregoing a right of access (including the right of forced entry if required in the discretion of the party seeking such entry) to his or her Unit and its appurtenant Common Elements, if any, for the purposes of:

(i) making inspections of, or removing violations noted or issued by any governmental authority against, the Common Elements or any other part of the Property;

(ii) curing defaults hereunder or under the Declaration or violations of the Rules and Regulations committed by such Unit Owner or correcting any conditions originating in his or her Unit and threatening another Unit or all or a portion of the Common Elements;

(iii) performing maintenance, installations, alterations, repairs, or replacements to the mechanical or electrical services, or other portions of the Common Elements located within his or her Unit or elsewhere in the Building;

(iv) reading, maintaining, or replacing utility meters relating to the Common Elements, to his or her Unit, or to any other Unit; or

(v) correcting any condition that violates the provisions of any Permitted Mortgage encumbering another Unit.

Except in cases of emergency (that is, a condition requiring repairs or replacement immediately necessary for the preservation or safety of the Building or for the safety of the occupants of the Building or other individuals, or required to avoid the suspension of any necessary service in the Building), the foregoing rights of access shall be exercised only upon not

less than one (1) day's advance notice and only in such a manner as will not unreasonably interfere with the use of the Residential Units and their appurtenant Common Elements for their permitted purposes or in such a manner as will not unreasonably interfere with the normal conduct of business of the Commercial Unit Owner or other occupants of the Commercial Unit and its appurtenant Common Elements. In cases of emergency, however, such rights of access may be exercised immediately, without advance notice and whether or not the Unit Owner is present.

(B) Each Unit Owner shall grant a right of access to his or her Unit and appurtenant Limited Common Elements, and the Condominium Board shall grant a right of access to the Common Elements, to Sponsor and its contractors, subcontractors, agents and employees, and any Persons designated by any of the foregoing, for the purposes of selling, leasing, managing, or operating any Unsold Residential Units, completing any work or repairs to the Building expressly undertaken by Sponsor or a Sponsor-Affiliate and complying with Sponsor's obligations under the Plan and the Condominium Documents or in any amendment thereto.

Section 5.10 Modification of the Rules and Regulations. The Condominium Board shall have the right to amend, modify, add to, or delete any of the Rules and Regulations from time to time, provided, however, that any such amendment, modification, addition, or deletion may be overruled by a vote of a Majority of Unit Owners. Copies of the text of any amendments, modifications, additions, or deletions to the Rules and Regulations shall be furnished to all Unit Owners not less than thirty days prior to the effective date thereof. Notwithstanding the foregoing, the Condominium Board shall not have the right to amend, modify, add to, or delete any of the Rules and Regulations if the same would adversely affect the Commercial Unit or Unsold Residential Units and the use thereof, without the prior written consent of the Commercial Unit Owner or the Sponsor, as the case may be.

Section 5.11 Real Estate Taxes. Unless and until real estate taxes are billed directly to Unit Owners by the City of New Rochelle, the Condominium Board shall promptly pay such taxes as a General Common Expense. In the event of a proposed sale of any Unit, the Condominium Board (for so long as the Condominium Board is still paying such real estate taxes shall, upon the written request of the selling Unit Owner, execute and deliver to the purchaser of such Unit, or to such purchaser's title company, a letter agreeing to promptly pay all such real estate taxes affecting such Owner's Unit to the date of the closing of title to such Unit.

Section 5.12 Water Charges and Sewer Rents. Water for the Building shall be supplied by the City of New Rochelle. Unless and until water charges and sewer rents are billed directly to Unit Owners by the City Collector, the Condominium Board shall promptly pay such charges and rents as a Common Expense. In the event of a proposed sale of any Unit, the Condominium Board (for so long as the Condominium Board is still paying such water charges and sewer rents) shall, upon the written request of the selling Unit Owner, execute and deliver to the purchaser of such Unit or to such purchaser's title company, a letter agreeing to promptly pay all such charges and rents affecting such Unit to the date of the closing of the transfer of such Unit.

Section 5.13 Electricity. Electricity is supplied to each Unit through a separate meter for such Unit, and each Unit Owner shall be required to pay all charges for electricity consumed or



used in his Unit directly to the utility company servicing the Building as and when billed therefor.

Section 5.14 Utilities Servicing the Common Elements. In accordance with and subject to the provisions of the Plan, the cost and expense of water, steam, electricity and gas, if any, serving or benefiting any General Common Element shall be (i) considered part of the expense of maintaining such General Common Element, (ii) determined by the Condominium Board, and (iii) charged to the Unit Owners as a General Common Expense. The cost and expense of water, steam, electricity and gas, if any, serving or benefiting any General Common Element or Limited Common Element (other than Limited Common Elements incorporated into one or more Units) shall be (i) considered part of the expense of maintaining such Common Element and/or Limited Common Element, (ii) determined by the Condominium Board, and (iii) charged to the Unit Owners as a Common Expense.

Section 5.15 Vault Charges. All license fees, and all periodic taxes and charges, for vaults or other protrusions beyond the building line shall be paid by the Condominium Board as a Common Expense.

Section 5.16. Records and Audits.

(A) The Treasurer of the Condominium, or the Managing Agent under the supervision of such Treasurer, shall keep full, detailed and accurate records and books of account with respect to the financial affairs of the Condominium, which records and books of account shall include, without limitation, (i) a listing of all receipts of and expenditures by the Condominium Board and the Managing Agent and (ii) a separate listing for each Unit, setting forth, among other things, the amount of each assessment of Common Charges and Special Assessments levied against such Unit, the date when due, the amounts paid thereon and the balance, if any, remaining unpaid, as well as all Permitted Mortgagees having an interest in such Unit. Such records and books of account shall be preserved by the Condominium Board for a period of at least four (4) years at the Property. Unit Owners or their representatives or mortgagees shall be entitled to examine the books and records of the Condominium on reasonable notice to the Condominium Board, but not more than once a month and only during normal business hours.

(B) Within four months after the end of each fiscal year of the Condominium, the Condominium Board shall submit to each Unit Owner an annual report of the receipts and expenditures of the Condominium prepared and certified by an independent certified public accountant. The cost of preparing and distributing each such report shall be borne by the Unit Owners as a Common Expense.

## ARTICLE 6

### COMMON CHARGES

Section 6.1 Determination of Common Expenses and Fixing of Common Charges.

(A) From time to time, but no less frequently than once a year, the Condominium Board shall: (i) prepare and adopt a budget for the Condominium, subject, in all respects, to the strictures set forth in Section 2.5 hereof; (ii) determine the aggregate amount of Common Charges necessary to be charged to the Unit Owners in order to meet the Common Expenses; and (iii) allocate and assess such Common Charges amongst the Unit Owners pro-rata, in accordance with their respective Common Interests (except as otherwise provided in the Declaration or in these By-Laws). The Condominium Board shall advise all Unit Owners promptly thereafter in writing of the amount of Common Charges payable by each of them, not later than ten (10) days next preceding the date upon which the first installment of newly determined Common Charges is due, and shall furnish copies of the budget (in a reasonably itemized form) upon which such Common Charges are based to all Unit Owners. The Condominium Board, except as may be prohibited in the Declaration or these By-Laws, may, at its sole discretion, from time to time increase or decrease the amount of Common Charges allocated to the Units and payable by the Unit Owners and may modify its prior determination of the Common Expenses for any fiscal year so as to increase or decrease the amount of Common Charges payable for such fiscal year or portion thereof; however, no such revised determination of Common Expenses shall have a retroactive effect on the amount of Common Charges payable by Unit Owners for any period prior to the date of such new determination. With respect to the first assessment of Common Charges, the first Condominium Board shall have the right to commence such collection at or subsequent to the First Closing, at the Board's sole discretion.

(B) The failure or delay of the Condominium Board to prepare or adopt a budget or to determine the Common Expenses for any fiscal year or portion thereof shall not be deemed a waiver or modification in any respect of the covenants and provisions hereof or a release of any Unit Owner from the obligation to pay Common Charges. In such event; the Common Charges that were computed on the basis of the Common Expenses last determined for any fiscal year or portion thereof shall continue thereafter to be the Common Charges payable by the Unit Owners until a new determination of the Common Expenses shall be made.

(C) In addition to the foregoing duty to determine the amount of and assess Common Charges, the Condominium Board shall have the right, subject, in all respects, to the strictures contained in Section 2.5 hereof, to levy Special Assessments to meet the Common Expenses. All Special Assessments relative to the General Common Elements and/or the Limited Common Elements shall be levied against all Unit Owners in proportion to their respective Common Interests unless otherwise provided in these By-Laws. Special Assessments may be payable either in one lump sum or in installments, as the Condominium Board shall determine; provided, however, that the Condominium Board shall give each Unit Owner not less than fifteen (15) days' written notice prior to the date upon which such Special Assessment, or the first installment thereof, shall be due and payable, which notice shall set forth, in reasonable detail, the nature and purpose thereof. The Condominium Board shall have all rights and remedies for the collection of Special Assessments as are provided herein for the collection of Common Charges (including, without limitation, the provisions of Section 6.4 hereof).

(D) The excess of all rents, profits and revenues derived from the rental or use of any space forming a part of, or included in, any General Common Element or Limited Common Element remaining after deduction of all expenses incurred in connection with generating the

same shall constitute income of the Unit Owners and shall be collected on behalf of the Unit Owners by the Condominium Board and applied against the Common Expenses attributable to the General Common Elements or the Limited Common Elements, as appropriate for the fiscal year in which collected. In the event that such net rents, profits and revenues, together with the Common Charges and any Special Assessments collected from the Unit Owners, for any year of operation shall exceed the Common Expenses for such year, then such excess shall be applied by the Condominium Board against the General Common Expenses, attributable to the General Common Elements or the Limited Common Elements, as appropriate for the next succeeding year(s) of operation, and no Unit Owner shall be entitled to a distribution of any portion of such excess unless the Condominium Board shall determine to distribute all or part of such excess to all Unit Owners pro-rata, in proportion to their respective Common Interests.

#### Section 6.2 Payment of Common Charges.

(A) All Unit Owners (including Sponsor with respect to Unsold Residential Units for so long as the same are owned thereby) shall be obligated to pay Common Charges and Special Assessments assessed by the Condominium Board pursuant to the terms of Section 6.1 hereof at such time or times (but not less than annually) as the Condominium Board shall determine. Unless otherwise determined by the Condominium Board, Common Charges shall be payable in installments on the first day of every month in advance. To the extent permitted by Law, the Condominium Board shall have a lien on each Unit, on behalf of all Unit Owners, for unpaid Common Charges and Special Assessments assessed against such Unit. Such lien, however, shall be subordinate, to the extent required by Law, to any liens for real estate taxes, if any, assessed against such Unit.

(B) No Unit Owner shall be liable for the payment of any part of the Common Charges and any Special Assessments assessed against his Unit subsequent to a sale, transfer, or other conveyance by him or her of such Unit, together with its Appurtenant Interest, made in compliance with the terms of Article 7 hereof. A purchaser or other successor-in-interest to the owner of a Unit shall be liable for the payment of all Common Charges and any Special Assessments accrued and unpaid against such Unit prior to his acquisition thereof, except that, to the extent permitted by law, a Permitted First Mortgagee acquiring title to a mortgaged Unit or a purchaser at a mortgage foreclosure sale held with respect to a Permitted First Mortgage shall not be liable, and such mortgaged Unit shall not be subject to a lien, for the payment of any Common Charges and Special Assessments assessed subsequent to the recording of such Permitted First Mortgage and prior to the acquisition of title to such Unit by the Permitted First Mortgagee or by such purchaser. In the event of a foreclosure of a Permitted First Mortgage (whether by sale, deed in lieu of foreclosure, or otherwise), however, the defaulting Unit Owner shall remain fully liable for the payment of all unpaid Common Charges and Special Assessments that accrued prior to such foreclosure or sale. Any excess proceeds from such foreclosure or sale shall be paid directly to the Condominium Board in payment of all unpaid Common Charges and Special Assessments. In the case of a Residential Unit, any remaining unpaid Common Charges and Special Assessments that are not collected from such foreclosure or sale or from the defaulting Residential Unit Owner shall be deemed a Common Expense, collectible from all those who are Unit Owners at the time that the same is levied. In the case of the Commercial Unit, any remaining unpaid Common Charges and Special Assessments that are not collected from such

foreclosure or sale or from the defaulting Commercial Unit Owner shall be deemed an expense, collectible from the party who acquires the Commercial Unit.

(C) Subject to the terms and conditions contained in these By-Laws, any Residential Unit Owner may transfer his Unit, together with its Appurtenant Interest, to the Condominium Board or to its designee, corporate or otherwise, on behalf of all Unit Owners, without being compensated therefor, and, in such event, be exempt from the payment of Common Charges and Special Assessments thereafter accruing, provided, however, that: (i) all Common Charges and any Special Assessments then due and payable with respect to such Residential Unit have been paid; (ii) such Residential Unit is free and clear of all liens and encumbrances other than a Permitted First Mortgage and the statutory lien for unpaid Common Charges and Special Assessments; and (iii) no violation of any provision of the Condominium Documents then exists with respect to such Residential Unit. In no event, however, shall Sponsor be permitted to convey any Unsold Residential Unit to the Condominium Board and thereby exempt itself from Common Charges and any Special Assessments attributable to such Unit thereafter accruing unless the aggregate Common Interests then appertaining to the Unsold Residential Units constitute fifteen percent (15%) or less of the total Common Interests then appertaining to all Units, at least five years shall have elapsed from the date of the Initial Unit Closing and, at the time of conveyance, Sponsor shall pay to the Condominium Board an amount equal to the product of the then current monthly Common Charges for the Unsold Residential Unit(s) being conveyed multiplied by 24. Under no circumstances shall the Commercial Unit Owner be permitted to convey the Commercial Unit to the Condominium Board and thereby exempt itself from Common Charges and any Special Assessments attributable to the Commercial Unit thereafter accruing.

(D) No Unit Owner shall be exempted from liability for the payment of Common Charges or Special Assessments by waiving the use or enjoyment of any or all of the Common Elements or by abandoning his or her Unit (except with respect to a conveyance of the same to the Condominium Board, without compensation, pursuant to the terms of paragraph (C) hereof). No Unit Owner shall be entitled to a diminution or abatement in the Common Charges or Special Assessments payable thereby for any inconvenience or discomfort arising from: (i) the failure or interruption of any utility or other services; (ii) the making of repairs or improvements to the Common Elements or any Unit (including, without limitation, such Unit) pursuant to the terms of Section 5.1, 5.2, or 5.3 hereof; (iii) any action taken by the Condominium Board or the officers of the Condominium to comply with Law or (iv) damage or destruction of the Building or any part thereof or taking by condemnation or eminent domain of less than the whole or substantially all of the Property.

Section 6.3 Statement of Common Charges. The Condominium Board shall promptly provide a written statement of unpaid Common Charges due from any Unit Owner upon its receipt of a written request therefor from such Unit Owner. In addition, each Unit Owner shall be permitted to examine the books of account of the Condominium at reasonable times on business days, but not more frequently than once a month.

Section 6.4 Default in Payment of Common Charges.

(A) The Condominium Board shall take prompt action to collect any Common Charges due to the Condominium Board that remains unpaid for more than thirty (30) days after the due date for the payment thereof. In connection therewith, the Condominium Board shall have the right and obligation to cause liens for all sums due and owing to the Condominium Board to be filed in the Register's Office pursuant to the terms of Section 339-z of the Condominium Act, to cause such liens to be foreclosed in the manner provided in Section 339-aa of the Condominium Act and/or to institute all other proceedings deemed necessary or desirable by the Condominium Board to recover all such unpaid Common Charges, together with all additional sums of money collectable by the Condominium Board by reason of such non-payment pursuant to the terms of paragraph (B) hereof. A suit to recover a money judgment for unpaid Common Charges, however, shall be maintainable without foreclosing or waiving the lien securing such charges.

(B) In the event that any Unit Owner shall fail to make prompt payment of Common Charges, such Unit Owner shall be obligated to pay interest thereon at the highest rate chargeable to individuals pursuant to Law, to be computed from the due date thereof until paid in full, together with all costs and expenses paid or incurred by the Condominium Board, the Managing Agent, or the manager (if any) in connection with collecting such unpaid Common Charges with interest as aforesaid and/or in foreclosing the aforementioned lien, including, without limitation, reasonable attorneys' fees and disbursements and court costs. In addition, if the Condominium Board shall bring an action to foreclose the aforementioned lien, the defaulting Unit Owner will be required to pay a reasonable rental for the use of his or her Unit, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. All such interest, costs and expenses and rentals shall be added to and shall constitute Common Charges payable by such Unit Owner.

(C) In any action brought by the Condominium Board to foreclose a lien on a Unit because of unpaid Common Charges, the Condominium Board shall have, on behalf of all Unit Owners, the power to purchase such Unit at the foreclosure sale thereof and to acquire, hold, lease, mortgage, convey, or otherwise deal with such Unit (but not to vote the votes appurtenant to the same). In the event that the net proceeds received on such foreclosure (after deduction of all legal fees and disbursements, advertising costs, brokerage commissions, court costs and other costs and expenses paid or incurred in connection therewith) shall be insufficient to satisfy the defaulting Unit Owner's obligations to the Condominium, such Unit Owner shall remain liable for the deficit. Any surplus on such foreclosure sale shall be paid to the defaulting Unit Owner after first paying all liens on such Unit Owner's Unit in the order of priority of such liens.

## ARTICLE 7

### SELLING AND LEASING OF UNITS

Section 7.1 General. Subject to the terms of Section 7.5 hereof, no Residential Unit Owner may sell or lease his Residential Unit except in compliance with the applicable provisions of this Article 7. Any purported sale or lease consummated in contravention of the applicable terms hereof shall be voidable at the sole election of the Condominium Board, and, if the Condominium Board shall so elect, the selling or leasing Residential Unit Owner shall be

deemed to have authorized and empowered the Condominium Board to institute legal proceedings to eject the purported purchaser (in the event of an unauthorized sale) or to evict the purported tenant (in the event of an unauthorized leasing) in the name of the said Residential Unit Owner as the owner or landlord, as the case may be. The said Residential Unit Owner shall reimburse the Condominium Board for all costs and expenses paid or incurred in connection with such proceedings, including, without limitation, reasonable attorneys' fees and disbursements and court costs. The Sponsor and Sponsor-Affiliate shall not be required to notify or obtain the approval of the Condominium Board with respect to the sale or lease of a Unit. The Commercial Unit Owner shall not be required to notify or obtain the approval of the Condominium Board with respect to the sale or lease of the Commercial Unit.

#### Section 7.2 Right of First Refusal.

(A) Subject to the terms of Sections 7.5 and 7.9 hereof, any contract to sell a Residential Unit together with its Appurtenant Interest and any lease of a Residential Unit ("Sale or Lease Agreement") shall contain the following (or substantially similar) language: "THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER ARE HEREBY MADE EXPRESSLY SUBJECT TO THE RIGHTS, IF ANY, OF THE CONDOMINIUM BOARD OF THE KNICKERBOCKER LOFTS CONDOMINIUM WITH RESPECT TO THE TRANSACTION EMBODIED HEREIN PURSUANT TO THE TERM OF SECTIONS 7.2 AND 7.3 OF THE BY-LAWS OF THE SAID CONDOMINIUM, AS THE SAME MAY HAVE BEEN AMENDED". Promptly after any such contract of sale or Lease shall be fully executed, the Residential Unit Owner executing the same ("Offeree Unit Owner") shall send written notice thereof to the Condominium Board by certified or registered mail, return receipt requested or national overnight courier service, which notice shall be accompanied by a fully executed, original counterpart of the contract of sale or the lease, as the case may be, containing all of the terms offered in good faith by the prospective purchaser or tenant ("Outside Offeror").

(B) The sending of the notice referred to in paragraph (A) of this Section 7.2 shall constitute an offer by the Offeree Unit Owner to sell his or her Residential Unit, together with its Appurtenant Interest, or to lease his or her Residential Unit, as the case may be, to the Condominium Board or to its designee, corporate or otherwise, on behalf of all Unit Owners, subject, however, to any variance therefrom provided in Section 7.3 hereof. The giving of such notice shall further constitute a representation and warranty by the Offeree Unit Owner to the Condominium Board, on behalf of all Residential Unit Owners, that such Offeree Unit Owner believes the Sale or Lease Agreement to be bona fide in all respects. Thereafter, upon the written demand of the Condominium Board, the Offeree Unit Owner shall submit to the Condominium Board, in writing, such further information with respect to the Outside Offeror and the Sale or Lease Agreement as the Condominium Board may reasonably request.

(C) The Condominium Board may elect, by sending written notice thereof to the Offeree Unit Owner by certified or registered mail or national overnight courier service not later than thirty (30) days after receipt of the notice referred to in paragraph (A) hereof together with such further information as may have been requested pursuant to the terms of paragraph (B) hereof, to

purchase such Residential Unit together with its Appurtenant Interest or to lease such Residential Unit, as the case may be (or to cause the same to be purchased or leased by its designee, corporate or otherwise) on behalf of all Unit Owners upon the same terms and conditions as were contained in the Sale or Lease Agreement and stated in the response(s) by the Offeree Unit Owner to any requests for additional information pursuant to the terms of paragraph (B) hereof. Notwithstanding anything to the contrary contained herein, however, the Condominium Board shall not exercise any option set forth in this Section 7.2 to purchase or lease any Residential Unit without the prior approval of a Majority of all Unit Owners.

Section 7.3 Acceptance of Offer.

(A) In the event that the Condominium Board shall elect, within the time and in the manner provided in Section 7.2 hereof, to purchase a Residential Unit together with its Appurtenant Interest, to lease such Residential Unit, or to cause the same to be purchased or leased by its designee, the transfer shall close or a lease shall be executed, in either event in accordance with the terms of the Sale or Lease Agreement, at the office of the attorneys for the Condominium Board within forty-five (45) days after the day upon which the Condominium Board shall give notice of its election to accept such offer.

(B) If such Residential Unit and its Appurtenant Interest are to be purchased by the Condominium Board or its designee on behalf of all Unit Owners, such purchase may be made from the funds deposited in the capital and/or expense accounts of the Condominium and allocable to the Common Expenses attributable to all Unit Owners. If the funds in such accounts are insufficient to effectuate such purchase, the Condominium Board may levy a Special Assessment against each unit Owner (other than the Offeree Unit Owner) in accordance with the terms of paragraph (C) of Section 6.1 hereof and/or the Condominium Board may, in its discretion, finance the acquisition of such Residential Unit; provided, however, that no such financing may be secured by an encumbrance on or a hypothecation of any portion of the Property other than the Residential Unit to be purchased together with its Appurtenant Interest. In addition, if the Outside Offeror was to assume or to take title to the Residential Unit subject to the Offeree Unit Owner's existing mortgage or mortgages pursuant to the Sale or Lease Agreement, the Condominium Board may purchase the Residential Unit and assume or take title thereto subject to such mortgage or mortgages, as the case may be. At the closing of the transfer, the Offeree Unit Owner shall transfer the Residential Unit, together with its Appurtenant Interest, to the Condominium Board or to its designee, on behalf of all Unit Owners, by deed, the content of which conforms to Section 339-0 of Condominium Act. The Offeree Unit Owner shall pay all transfer taxes arising out of such sale, notwithstanding any terms of the Sale or Lease Agreement to the contrary. Mortgage interest (if applicable) and Common Charges shall be apportioned between the Offeree Unit Owner and the Condominium Board or its designee as of the closing date, notwithstanding any terms of the Sale or Lease Agreement to the contrary. Thereafter, such Residential Unit shall be held, so long as the same is owned by the Condominium Board or its designee, on behalf of all Unit Owners, as tenants-in-common, and all such Unit Owners shall be deemed to have waived all rights of partition with respect to such Residential Unit and the entire Property, as herein provided.

(C) In the event that such Residential Unit is to be leased by the Condominium Board or its designee on behalf of all Unit Owners, the Offeree Unit Owner shall execute and deliver to the Condominium Board or such designee a lease covering such Residential Unit by and between the Offeree Unit Owner, as landlord, and the Condominium Board or such designee, as tenant. Such lease shall be in the then current form of apartment lease recommended by the Real Estate Board of New York, Inc. and shall contain all of the terms and conditions of the Sale or Lease Agreement not in conflict with such form of lease, including, without limitation, the rental and term provided for therein. Notwithstanding anything to the contrary set forth hereinabove or in the Sale or Lease Agreement, however, such lease shall expressly provide that the Condominium Board or such designee may enter into a sublease of the premises demised thereunder without the consent of the landlord.

Section 7.4 Failure to Accept Offer.

(A) In the event that the Condominium Board shall fail to accept an offer made pursuant to the terms of Section 7.2 hereof within the respective times set forth in paragraph (C) thereof, the Offeree Unit Owner shall be free to consummate the transaction embodied in the Sale or Lease Agreement within the later of sixty (60) days after (i) notice of refusal is sent to the Offeree Unit Owner by the Condominium Board or (ii) the expiration of the period within which the Condominium Board or its designee might have accepted such offer or the (iii) original closing date specified in the Sale or Lease Agreement, as the case may be. If the Offeree Unit Owner shall fail to consummate the transaction embodied in the Sale or Lease Agreement within such sixty-day period, then, should the Offeree Unit Owner thereafter elect to sell such Residential Unit together with its Appurtenant Interest or to lease such Residential Unit, the Offeree Unit Owner shall be required again to comply with all of the terms and provisions of Section 7.2, 7.3 and 7.4 hereof.

(B) Any instrument by which a Residential Unit and its Appurtenant Interest is transferred to an Outside Offeror shall expressly provide that the acceptance thereof by the transferee shall constitute an assumption of all of the terms of the Condominium Documents, and, in the absence of such express language, the same shall be conclusively deemed to have been agreed to by such Outside Offeror.

(C) Each lease of a Residential Unit to an Outside Offeror shall be in the then current form of apartment lease recommended by the Westchester Board of Realtors, Inc., subject to such modifications as may be approved in writing by the Condominium Board. Notwithstanding the foregoing, however, each such lease shall be consistent with the Condominium Documents and shall expressly provide that:

(i) such lease may not be amended, modified, or extended without the prior written consent of the Condominium Board in each instance;

(ii) the tenant thereunder shall not assign his or her interest in such lease or sublet the premises demised thereunder or any part thereof without the prior written consent of the Condominium Board in each instance; and



(iii) the Condominium Board shall have the power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder in the event of (a) a default by the tenant in the performance of its obligations under such lease or (b) a foreclosure of the lien granted by section 339-z of the Condominium Act.

Section 7.5 Termination of, and Exceptions to, the Right of First Refusal.

(A) A certificate executed and acknowledged by the Secretary of the Condominium or the Managing Agent, stating that the provisions of Section 7.2 hereof have been met by a Residential Unit Owner or that the right of first refusal provided for therein has been duly released or waived by the Condominium Board and that, as a result thereof, the rights of the Condominium Board thereunder have terminated, shall be conclusive upon the Condominium Board and all Unit Owners in favor of all persons who rely upon such certificate in good faith. After the due issuance of such a certificate, the Residential Unit to which the same shall relate, together with its Appurtenant Interest, may be sold, conveyed or leased in accordance with the terms of the Sale or Lease Agreement free and clear of the terms and conditions contained in Section 7.2 hereof. The Condominium Board, upon written request, shall furnish or cause the Managing Agent to furnish, upon the payment of such review and administration charge as may be reasonably set by the Condominium Board, such certificate to any Residential Unit Owner in respect to whom the provisions of Sections 7.2 hereof have, in fact, been terminated. In no event, however, shall the right of first refusal described in Section 7.2 hereof be deemed released or waived by the Condominium Board (as opposed to satisfied pursuant to the express terms of Sections 7.2, 7.3 and 7.4 hereof) in the absence of the certificate that has been duly executed, acknowledged and issued by the Secretary of the Condominium or the Managing Agent as aforesaid.

(B) The terms and conditions contained in Section 7.2, 7.3 and 7.4 hereof shall not apply with respect to any sale, lease or conveyance of a Residential Unit, together with its Appurtenant Interest, by:

(i) the Residential Unit Owner thereof to any of his adult Family Members, to any combination of the same, or to a trust for the benefit of any of them provided, however, that if the succeeding Residential Unit Owner is an infant or a person judicially declared incompetent of managing his or her affairs, then such Residential Unit shall be held by the personal representative of such infant or incompetent, or, in the case of a Residential Unit Owner that is not an individual, to any entity or individual that owns more than fifty percent of the legal and beneficial interests of such Residential Unit Owner or to any entity with respect to which such Residential Unit Owner (individual or otherwise) owns more than fifty percent of the legal and beneficial interest thereof;

(ii) Sponsor or Sponsor-Affiliate with respect to the Unsold Units;

(iii) the Condominium Board;

(iv) any proper officer conducting the sale of a Residential Unit in connection with the foreclosure of a mortgage or other lien covering such Residential Unit or delivering a deed in lieu of such foreclosure; or

(v) any Permitted Mortgagee or its nominee, who has acquired title to any Residential Unit at any foreclosure sale of its Permitted Mortgage, or as otherwise provided by Law, provided, however, that each succeeding Residential Unit Owner shall be bound by, and his or her Residential Unit shall be subject to, all of the terms and conditions of this Article 7.

Section 7.6 No Severance of Ownership. No Unit Owner shall execute any instrument transferring title to his or her Unit without including therein its Appurtenant Interest, it being the intention to prevent any severance of such combined ownership. Any instrument purporting to affect one or more such interests shall be taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the Appurtenant Interest of any Unit may be sold, conveyed, or otherwise disposed of, except as part of a sale, conveyance or other disposition of the Unit to which such interests are appurtenant or as part of a sale, conveyance or other disposition of such part of the Appurtenant Interests of all Units. Nothing contained in this Section 7.6, however, shall prohibit the lease of any Unit without the simultaneous lease of its Appurtenant Interest.

Section 7.7 Payment of Common Charges. No Unit Owner shall be permitted to convey or lease his or her Unit unless he or she shall have paid in full to the Condominium Board all unpaid Common Charges and Special Assessments and any other fees or costs theretofore assessed by the Condominium Board against such Unit and shall have satisfied all unpaid liens, other than that of Permitted Mortgages, levied against such Unit. Where the payment of such unpaid Common Charges is made by the transferee or provided for out of the proceeds of the sale, however, a sale may take place notwithstanding the foregoing.

Section 7.8 Power of Attorney. At the time of acquiring title to a Unit and as a condition thereof, the new Unit Owner shall duly execute, acknowledge and deliver to the representative of his or her title insurance company (or, if no such representative is present, to Sponsor in the case of a Residential Unit, or, if Sponsor is not then the owner of any Unsold Residential Unit, to the Condominium Board or to the Condominium Board in the case of the Commercial Unit Owner) for recording in the Register's Office, the Power of Attorney required in Article 14 of the Declaration, in the form set forth as Exhibit E to the Declaration.

Section 7.9 Gifts and Devises. Etc. Any Unit Owner shall be free to convey or transfer his or her Unit, together with its Appurtenant Interest, by gift, or to devise the same by will or to have the same pass by intestacy, without restriction, provided, however, that each succeeding Unit Owner shall be bound by, and his or her Unit shall be subject to, the provisions of this Article 7.

## ARTICLE 8

### MORTGAGING OF UNITS

Section 8.1 General. Each Unit Owner shall have the right to mortgage his or her Unit subject only to the terms and conditions contained in Section 8.2 hereof. Any Unit Owner who mortgages his or her Unit, or the holder of such mortgage, shall supply the Condominium Board with the name and address of the mortgagee and shall file a conformed copy of the note and mortgage with the Condominium Board. Any Unit Owner who satisfies a mortgage covering his or her Unit shall so notify the Condominium Board and shall file a conformed copy of the satisfaction of mortgage with the Condominium Board. The Secretary of the Condominium shall maintain such information in a book entitled "Mortgages of Units". The terms and conditions contained in this Section 8.1, however, shall not apply to Sponsor or the Commercial Unit Owner.

Section 8.2 Restrictions on Mortgaging.

(A) No Unit Owner shall be permitted to mortgage, pledge, or hypothecate his Unit unless and until he shall have paid in full to the Condominium Board all unpaid Common Charges and Special Assessments and any other fees or costs theretofore assessed by the Condominium Board against such Unit and shall have satisfied all unpaid liens, except the liens of Permitted Mortgages, levied against such Unit.

(B) No Unit Owner shall execute any mortgage or other document mortgaging, pledging, or hypothecating title to his or her Unit without including therein its Appurtenant Interest, it being the intention to prevent any severance of such combined ownership.

Section 8.3 Notice of Unpaid Common Charges and Default. Whenever requested in writing by a Permitted Mortgagee, the Condominium Board shall promptly report to such Permitted Mortgagee any default by its mortgagor(s) in the payment of Common Charges or Special Assessments or in the observance or performance of any of the provisions of the Condominium Documents as to which the Condominium Board has knowledge then exists. The Condominium Board shall, when giving notice to a Unit Owner of any such default, also send a copy of such notice to his Permitted Mortgagee, if so requested. The Condominium Board, however, shall have no liability for any failure, through oversight or negligence, in notifying a Permitted Mortgagee of any default by its mortgagor under the Condominium Documents, provided that the Condominium Board shall advise such Permitted Mortgagee of the default promptly after discovering such failure.

Section 8.4 Performance by Permitted Mortgagees. Any sum of money to be paid or any act to be performed by a Unit Owner pursuant to the terms of the Condominium Documents may be paid or performed by his or her Permitted Mortgagee, and the Condominium Board shall accept such Permitted Mortgagee's payment or performance with the same force and effect as if the same were paid or performed by such Unit Owner.

Section 8.5 Examination of Books. Each Permitted Mortgagee shall be permitted to examine the books of account of the Condominium at reasonable times on business days, but not more frequently than once a month.

Section 8.6 Consent of Mortgagees; Designation of Mortgage Representative.

(A) Except as otherwise expressly provided for herein or in the Declaration, no consent or approval by any Permitted Mortgagee shall be required with respect to any determination or act of the Condominium Board or any Unit Owner, provided, however, that nothing contained herein shall be deemed to limit or affect the rights of any Permitted Mortgagee against its mortgagor. In the event that any such consent or approval shall be expressly required pursuant to the terms of the Declaration or these By Laws, the decision of the Mortgage Representative, if any is designated pursuant to the terms of paragraph (B) of this Section 8.6, shall be deemed binding upon the holders of all Permitted Mortgages.

(B) The holders of Institutional Mortgages constituting a majority in principal amount of all Institutional Mortgages may, if they so elect, designate a Mortgage Representative by giving written notice thereof to the Condominium Board, which Mortgage Representative shall thereby be empowered to act as the representative of the holders of all Permitted Mortgages encumbering Units with respect to any matter requiring the consent or approval of Permitted Mortgagees under the Declaration or these By-Laws. Any designation of a Mortgage Representative pursuant to the terms of this paragraph shall be effective until any successor Mortgage Representative is designated pursuant to the terms hereof and written notice thereof is given to the Condominium Board. Unless otherwise required by Law, no Permitted Mortgagees other than holders of an Institutional Mortgage, shall have the right to participate in the designation of a Mortgage Representative, but shall be subject to all determinations made by the Mortgage Representative pursuant to the terms of the Declaration or these By-Laws.

## ARTICLE 9

### CERTAIN REMEDIES

Section 9.1 Self Help. If any Unit Owner shall violate or breach any of the provisions of the Condominium Documents on his or her part to be observed or performed, including, without limitation, any breach of his or her obligation to paint, decorate, maintain, repair, or replace his or her Unit pursuant to the terms of Article 5 hereof, and shall fail to cure such violation or breach within ten (10) days after receipt of written notice of the same from the Condominium Board, the Managing Agent, or any manager (or, with respect to any violation or breach of the same not reasonably susceptible to cure within such period, to commence such cure within such 10-day period and, thereafter, to prosecute such cure with due diligence to completion), the Condominium Board shall have the right to enter such Unit Owner's Unit and/or its appurtenant Limited Common Elements, if any, and summarily to abate, remove, or cure such violation or breach without thereby being deemed guilty or liable in any manner of trespass. In addition, in the event that the Condominium Board shall determine that the abatement, removal, or cure of any such violation or breach is immediately necessary for the preservation or safety of the Building or for the safety of the occupants of the Building or other individuals or is required to avoid the suspension of any necessary service in the Building, the Condominium Board may take such action immediately, without prior notice and without allowing the said Unit Owner any period of time within which to cure or to commence to cure such violation or breach.

Section 9.2 Abatement and Enjoinment.

(A) In the event that any Unit Owner shall violate or breach any of the provisions of the Condominium Documents on his or her part to be observed or performed, the Board of Managers shall have the right to enjoin, abate, or remedy the continuance or repetition of any such violation or breach by appropriate proceedings brought either at law or in equity.

(B) The violation or breach of any of the terms of the Condominium Documents with respect to any rights, easements, privileges, or licenses granted to Sponsor or its designee or the Commercial Unit Owner shall give the Sponsor or such designee or the Commercial Unit Owner the right to enjoin, abate or remedy the continuation or repetition of any such violation or breach by appropriate proceedings brought either at law or in equity.

Section 9.3 Remedies Cumulative. The remedies specifically granted to the Condominium Board or to Sponsor or the Commercial Unit Owner in this Article 9 or elsewhere in the Condominium Documents shall be cumulative, shall be in addition to all other remedies obtainable at law or in equity and may be exercised at one time or at different times, concurrently or in any order, in the sole discretion of the Condominium Board or Sponsor or the Commercial Unit Owner as the case may be. Further, the exercise of any remedy shall not operate as a waiver, or preclude the exercise of any other remedy.

Section 9.4 Costs and Expenses. All sums of money expended, and all costs and expenses incurred, by (i) the Board of Managers in connection with the abatement, enjoinder, removal or cure of any violation, breach, or default committed by a Unit Owner pursuant to the terms of Section 9.1 or paragraph (A) of Section 9.2 hereof or (ii) Sponsor or the Commercial Unit Owner in connection with any abatement, enjoinder, or remedy of any violation or breach of the Condominium Documents pursuant to the terms of paragraph (B) of Section 9.2 hereof, shall be immediately payable by (a) in the event set forth in subparagraph (i) hereof, such Unit Owner to the Condominium Board or (b) in the event set forth in subparagraph (ii) hereof, the offending party (i.e., the Condominium Board or the Unit Owner) to Sponsor or the Commercial Unit Owner, which amount shall, in either event, bear interest (to be computed from the date expended) at the rate of two percent per month (but in no event in excess of the maximum rate chargeable to such Unit Owner pursuant to Law). All sums payable by a Unit Owner to the Condominium Board pursuant to the terms of this Section 9.3 shall, for all purposes hereunder, constitute Common Charges payable by such Unit Owner.

## ARTICLE 10

### ARBITRATION

Section 10.1 Procedure. Any matter required or permitted to be determined by arbitration pursuant to the terms of the Condominium Documents shall be submitted for resolution by a single arbitrator in a proceeding held in the County of Westchester in accordance with the then existing rules of the American Arbitration Association or any successor organization thereto. In the event that the American Arbitration Association shall not then be in existence and has no successor organization, any such arbitration shall be held in Westchester County before one arbitrator appointed, upon the application of any party, by any Justice of the Supreme Court then

located in Westchester County. The decision of the arbitrator so chosen shall be given within ten days after his selection or appointment.

Section 10.2 Variation by Agreement. The parties to any dispute required or permitted to be resolved by arbitration pursuant to the terms of the Condominium Documents may, by written agreement, vary any of the terms of Section 10.1 hereof with respect to the arbitration of such dispute or may agree to resolve their dispute in any manner, including, without limitation, the manner set forth in Section 3031 of the New York Civil Practice Law and Rules and known as "New York Simplified Procedure for Court Determination of Disputes".

Section 10.3 Binding Effect. The decision in any arbitration conducted pursuant to the terms of Sections 10.1 and 10.2 hereof shall be binding upon all of the parties thereto and may be entered in any court of appropriate jurisdiction.

#### Section 10.4 Costs and Expenses.

(A) The fees, costs and expenses of the arbitrator shall be borne by the losing party in the arbitration or, if the position of neither party to the dispute shall be substantially upheld by the arbitrator, such fees, costs and expenses shall be borne equally by the disputants. Each disputant shall also bear the fees and expenses of his, her or its counsel and expert witnesses.

(B) All costs and expenses paid or incurred by the Condominium Board in connection with any arbitration held hereunder, including, without limitation, the fees and expenses of counsel and expert witnesses, shall constitute General Common Expenses, to be borne by all Unit Owners, if such arbitration relates to the Units, generally, or to the General Common Elements.

## ARTICLE 11

### NOTICES

Section 11.1 General. All notices required or desired to be given hereunder (except for notices of regular annual meetings) shall be sent by registered or certified mail, return receipt requested, postage prepaid by or by national overnight courier addressed:

(i) if to the Condominium Board, to the Condominium Board at its principal office as set forth in Section 1.5 hereof, with a photocopy sent to the Managing Agent (if any) at its principal office address as aforesaid;

(ii) if to a Unit Owner other than Sponsor, to such Unit Owner at his or her address at the Property;

(iii) if to Sponsor, to Sponsor at its principal office as set forth in the Plan;

(iv) if to a Permitted Mortgagee, to such Permitted Mortgagee at its latest address designated in writing to the Condominium Board;

Any of the foregoing parties may change the address to which notices are to be sent, or may designate additional addresses for the giving of notice, by sending written notice to the other parties as aforesaid. All notices sent pursuant to the terms of this Section 11.1 shall be deemed given when deposited in a United States Postal Service depository located in the State of New York enclosed in a sealed, postage prepaid wrapper or delivered to such overnight courier service, provided, however, that notices of change of address, notices designating additional addresses and notices deposited in a United States Postal Service depository located outside the State of New York shall be deemed to have been given when received.

Section 11.2 Waiver of Service of Notice. Whenever any notice is required to be given by Law or pursuant to the terms of the Condominium Documents, a waiver thereof in writing, signed by the Persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

## ARTICLE 12

### AMENDMENTS TO BY-LAWS

#### Section 12.1 General.

(A) Subject to the terms of paragraph (B) hereof and subject, further, to any provisions contained in the Declaration or these By-Laws with respect to any amendments affecting or in favor of Sponsor, Sponsor-Affiliate any Unsold Units(s), the Commercial Unit, and/or any Permitted Mortgagee, ("Special Amendments") any provision of these By-Laws may be amended, modified, added to, or deleted by the affirmative vote of not less than sixty-six and two-thirds percent (66 2/3%) in number and aggregate Common Interests of all Unit Owners either taken at a duly constituted meeting thereof or given in writing without a meeting as provided in Section 4.10 hereof. Each duly adopted amendment, modification, addition, or deletion hereof or hereto shall be effectuated in an instrument executed and recorded in the Register's Office by or on behalf of the Condominium Board as attorney-in-fact of all Unit Owners, which power-of-attorney shall be deemed irrevocable and coupled with an interest. Attached to each such instrument shall be an original, executed Secretary's Certification, certifying that the requisite number and percentage of Unit Owners approved the amendment, modification, addition, or deletion set forth therein either at a duly constituted meeting of Unit Owners or in writing without a meeting pursuant to the terms of Section 4.10 hereof, in which Secretary's Certification there shall be described the number and percentage of Unit Owners approving the same and, if voted at a meeting, the date, time and place of such meeting. No such amendment, modification, addition or deletion shall be effective unless and until such an instrument shall be duly recorded in the Register's Office.

(B) Notwithstanding anything to the contrary contained in paragraph (B) hereof, but still subject to any provision contained in the Declaration or these By-Laws with respect to Special Amendments:

(i) the Common Interest appurtenant to any Unit, as set forth in the Declaration, shall not be altered without the consent of the Unit Owner thereof; and

(ii) the terms of Section 5.7 hereof may not be amended, modified, added to, or deleted unless (in addition to the consent, if required, of the Mortgage Representative as provided above) not less than eighty percent in number and in aggregate Common Interests of all Unit Owners affected thereby shall approve such amendment, modification, addition or deletion in writing .

#### Section 12.2 Special Amendments.

(A) Any amendment, modification, addition, or deletion of, or to, any of the provisions of these By-Laws that, pursuant to the terms of the Declaration or these By-Laws, may be effected by Sponsor, Sponsor-Affiliate or the Commercial Unit Owner without the consent of the Condominium Board or the Unit Owners shall be embodied in an instrument executed and recorded in the Register's Office by Sponsor, Sponsor-Affiliate or the Commercial Unit Owner, as the case may be, as attorney-in-fact of both the Condominium Board and all Unit Owners, which power-of-attorney shall be deemed to be irrevocable and coupled with an interest. Attached to each such instrument shall be an original, executed Certification by Sponsor, Sponsor-Affiliate or the Commercial Unit Owner, as the case may be, certifying that the amendment, modification, addition, or deletion set forth therein was effectuated by Sponsor or the Commercial Unit Owner pursuant to the terms of the Declaration and/or these By-Laws, in which Certification there shall be set forth the Article and/or Section of the Declaration or these By-Laws pursuant to which the same was effectuated. No such amendment, modification, addition, or deletion shall be effective unless and until such an instrument shall be duly recorded in the Register's Office.

(B) Notwithstanding any provision contained herein to the contrary, for as long as Sponsor or a Sponsor-Affiliate remains the owner or lessee of one or more Units, these By-Laws, the Rules and Regulations and the Declaration may not be modified, added to, amended or repealed so as to eliminate, change, or impair any rights, privileges, easements, licenses or exemptions granted therein or herein to Sponsor or, its affiliate or otherwise adversely affect Sponsor or such Sponsor-Affiliate without Sponsor's or such Sponsor-Affiliate's prior written consent in each instance. No provision of these By-Laws, the Rules and Regulations or the Declaration may be modified, added to, amended or repealed so as to eliminate, change or impair the rights, privileges, easements, licenses or exemptions granted therein or herein to the Commercial Unit Owner or otherwise adversely affect the Commercial Unit Owner unless such owner of the Commercial Unit shall give its prior written consent thereto in each instance. Notwithstanding anything to the contrary contained herein, no provision of these By-Laws, the Rules and Regulations or the Declaration relating to the use of the Units or the percentage interest of a Unit in the Common Elements may be amended without the consent of every Unit Owner affected by such amendment.

(C) Notwithstanding any provision contained herein to the contrary, no amendment, modification, addition or deletion of or to Section 5.4 or 5.5, paragraph (B) of Section 6.2, subparagraph (iv) or (v) of paragraph (B) of Section 7.5 or Article 8 hereof shall be effective



with respect to the holder of any Permitted Mortgage theretofore made unless and until such Permitted Mortgagee shall have given its written consent thereto.

Section 12.3 Amendments Concerning the Commercial Unit. Amendments, modifications, additions or deletions of or to the Declaration, these By-Laws and/or the Rules and Regulations may be necessary, appropriate or desirable in connection with the operation of the Commercial Unit or the subdivision of the Commercial Unit into separate commercial condominium units and/or the offering for sale or lease of all or any portion of the Commercial Unit and it is contemplated that in connection therewith the Commercial Unit Owner will cause the Declaration, these By-Laws and the Rules and Regulations to be so amended, modified, added to or deleted from and that the resulting provisions thereof may be similar or dissimilar to those affecting the Residential Units and the Residential Unit Owners. In the case of any such amendment, modification, addition or deletion which does not adversely affect the Residential Units or the Residential Unit Owners, the Commercial Unit Owner shall be the attorney-in-fact for the Residential Unit Owners (including Sponsor so long as Sponsor owns any Unsold Residential Units), coupled with an interest, for the purpose of approving and executing any instrument effecting such amendment, modification, addition or deletion. Notwithstanding the foregoing, the Commercial Unit Owner shall have the right to sub-divide the Commercial Unit and create separate condominiums pursuant to the Condominium Act and as otherwise provided in the Condominium Documents.

## ARTICLE 13

### FURTHER ASSURANCES

Section 13.1 General. Any Person that is subject to the terms of these By-Laws, whether such Person is a Unit Owner, a lessee or sublessee of a Unit Owner, an occupant of a Unit, a member of the Condominium Board, an officer of the Condominium or otherwise, shall, at the expense of any other Person requesting the same, execute acknowledge and deliver to such other Person such instruments, in addition to those specifically provided for herein, and take such other action as such other Person may reasonably request in order either to effectuate the provisions of these By-Laws or any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

#### Section 13.2 Failure to Deliver or Act.

(A) If any Unit Owner or other Person that is subject to the terms of these By-Laws fails to execute, acknowledge, or deliver any instrument, or fails or refuses, within ten (10) days after request therefor, to take any action that such Unit Owner or Person is required to execute, acknowledge and deliver or to take pursuant to these By-Laws, then the Condominium Board is hereby authorized and directed, as attorney-in-fact for such Unit Owner or other Person, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of such Unit Owner or other Person, and such document or action shall be binding on such Unit Owner or Person. This provision shall not apply to Sponsor.

(B) If the Condominium Board, any Unit Owner, or other Person that is subject to the terms of these By-Laws fails to execute, acknowledge, or deliver any instrument, or fails or refuses, within ten (10) days after request therefor, to take any action that the Condominium Board, such Unit Owner, or Person is required to execute, acknowledge and deliver or to take pursuant to these By-Laws at the request of Sponsor, then Sponsor is hereby authorized, as attorney-in-fact for the Condominium Board, such Unit Owner, or other Person, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of the Condominium Board, such Unit Owner or other Person, and such document or action shall be binding on the Condominium Board, such Unit Owner, or other Person. The Condominium Board, unless otherwise provided, shall not unreasonably withhold or delay its consent or approval with respect to any matter contained herein which requires the consent or approval of the Condominium Board.

## ARTICLE 14

### MISCELLANEOUS

Section 14.1 Inspection of Documents. Copies of the Declaration, these By-Laws, the Rules and Regulations and the Floor Plans, as the same may be amended from time to time, shall be maintained at the office of the Condominium Board and shall be available for inspection by Unit Owners and their authorized agents upon reasonable notice and during reasonable business hours, but no more than once per month.

Section 14.2 Waiver. No provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches that may occur.

Section 14.3 Conflict. In the event that any provision of these By-Laws or of the Rules and Regulations shall be construed to be inconsistent with any provision of the Declaration or of the Condominium Act, the provision contained in the Declaration or in the Condominium Act shall control.

Section 14.4 Severability. If any provision of these By-Laws is invalid or unenforceable as against any Person or under certain circumstances, the remainder of these By-Laws and the applicability of such provision to other Persons or circumstances shall not be affected thereby. Each provision of these By-Laws shall, except as otherwise provided herein, be valid and enforced to the fullest extent provided by Law.

Section 14.5 Successors and Assigns. The rights and/or obligations of Sponsor as set forth herein shall inure to the benefit of, and shall be binding upon, any successor or assignee of Sponsor or, with the consent of Sponsor, any transferee of all of the then Unsold Residential Units. The rights and/or obligations of the Commercial Unit Owner as set forth herein shall inure to the benefit of, and shall be binding upon, any successor or assignee of the Commercial Unit Owner or any transferee of the Commercial Unit.

Section 14.6 Gender. A reference in these By-Laws to anyone gender, masculine, feminine, or neuter, includes the other two, and the singular includes the plural, and vice-versa, unless the context otherwise requires.

Section 14.7 Captions. The index hereof and the captions herein inserted are included only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these By-Laws or the intent of any provision hereof.

Addendum to By-Laws  
RULES AND REGULATIONS OF  
THE RESIDENTIAL SECTION OF  
THE KNICKERBOCKER LOFTS CONDOMINIUM

1. The sidewalks, entrance passages, public halls, elevators, vestibules, corridors and stairways of or appurtenant to the Residential Units or the Limited Common Elements shall not be obstructed or used for any purpose other than ingress to and egress from the Residential Units.

2. Bicycle racks will be provided on the Property for the regular use of Residential Unit Owners. Accordingly, Unit Owners are requested to use consideration in bringing bicycles into the Building and/or their Units via the elevator. In addition, motorcycles, scooters, Vespas or similar vehicles shall not be taken into the Building and Unit Owners are requested to refrain from keeping, storing or standing baby carriages or other such equipment in the public halls, passageways, or other public areas of the Building.

3. [Intentionally left blank.]

4. [Intentionally left blank.]

5. No article (including, but not limited to, garbage cans, bottles or mats) shall be placed or stored in any of the halls or on any of the staircases or fire landings of the Building, nor shall any fire exit thereof be obstructed in any manner.

6. To the extent permitted by Law, the residential storage room of the Building, if any, shall be used by any Residential Unit Owners electing to rent such spaces. Supervision, management and control of the renting of spaces in the storage room are vested in the Condominium Board, which may, from time to time, promulgate rules relating to prohibited items in the storage room. The use of the storage room shall be at the sole risk of the Residential Unit Owner or other person using the same, and the Condominium Board, its agents, and the Managing Agent shall not be liable for any injury to person, loss by theft or otherwise, or damage to property, whether due to the negligence of the Condominium Board, its agents, the Managing Agent, or otherwise.

7. The laundry and drying apparatus in the laundry room of the Building shall be used in such manner and such times as the Condominium Board or the Managing Agent may direct. No clothes, sheets, blankets, laundry, or other articles of any kind shall be hung on or out of a Residential Unit.

8. No refuse from the Residential Units shall be sent to the refuse area(s) of the Building, except at such times and in such manner as the Condominium Board or the Managing Agent may direct. Nothing shall be hung or shaken from any doors, windows, balconies or terraces, and no

Unit Owners shall sweep or throw, or permit to be swept or thrown, any dirt, debris or other substance therefrom.

9. There shall be no playing or lounging in the entrances, passages, public halls, elevator, vestibules, corridors, stairways, or fire landings of the Building.

10. The Condominium Board or the Managing Agent may, from time to time, curtail or relocate any portion of the Common Elements devoted to storage or service purposes in the Building.

11. Nothing shall be done or kept in any Unit or in the Common Elements that will increase the rate of insurance of the Building, or the contents thereof. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements that will result in the cancellation of insurance on the Building or the contents thereof, or that would be in violation of any Law. No Unit Owner or any of his or her Family Members, agents, servants, employees, licensees, or visitors shall, at any time, bring into or keep in such Unit Owner's Unit any flammable, combustible, or explosive fluid, material, chemical or substance, except as for normal household products.

12. There shall be no barbecuing in the Units, in their appurtenant Limited Common Elements, if any, or in the Common Elements, except in any area designated by the Condominium Board for such purpose, if any.

13. No Residential Unit Owner shall make, cause, or emit any unusual, disturbing or objectionable noises or odors in or from his or her Unit or its appurtenant Limited Common Elements, if any, or permit anything to be done therein that will interfere with the rights, comforts or conveniences of the other Unit Owners. No Residential Unit Owner shall play upon or suffer to be played upon any musical instrument, or shall operate or permit to be operated a phonograph, radio, television set or other loudspeaker in such Residential Unit Owner's Residential Unit or its appurtenant Limited Common Elements, if any, between midnight and the following 8:00 A.M. if the same shall disturb or annoy other occupants of the Building, and in no event shall any Residential Unit Owner practice or suffer to be practiced either vocal or instrumental music between the hours of 10:00 P.M. and the following 9:00 A.M. No construction, repair work, or other installation involving noise shall be conducted in any Unit except on weekdays (not including legal holidays) and only between the hours of 8:00 A.M. and 5:00 P.M., unless such construction or repair work is necessitated by an emergency.

14. No animal shall be permitted, raised, bred, kept, or harbored in the Building other than cats, small- or medium-sized dogs, fish and caged birds, provided they do not cause a nuisance or health hazard or unsanitary condition. In no event shall any bird, reptile or animal be permitted in the Common Elements unless carried or on a leash. No pigeons or other birds or animals shall be fed from the windowsills or other public portions of the Building or on the sidewalk or street adjacent to the Building.

15. No group tour or exhibition of any Residential Unit or its contents shall be conducted, nor shall any auction sale be held in any Residential Unit, without the consent of the

Condominium Board or the Managing Agent in each instance. In **the** event that any Residential Unit shall be used for home occupation purposes in conformance **with** the Declaration and By-Laws, no patients, clients, or other invitees shall be permitted **to wait** in any lobby, public hallway, or vestibule.

16. [Intentionally left blank.]

17. No window guards or other window decorations (other **than** curtains, shade, blinds and the like) shall be used in or about any Residential Unit, **except** such as shall have been approved in writing by the Condominium Board or the Managing Agent, which approval shall not be unreasonably withheld or delayed. In no event, however, shall any windows of any Residential Unit be colored or painted, except as required by the Condominium Board.

18. No ventilator or air conditioning device shall be installed in any Residential Unit or its appurtenant Limited Common Elements, if any, without the **prior** written approval of the Condominium Board, which approval may be granted or refused **in** the sole discretion of the Condominium Board.

19. No radio or television aerial shall be attached to or **hung** from the exterior of the Building, and no sign, notice, advertisement, or illumination (including, without limitation, "For Sale", "For Lease", or "For Rent" signs) shall be inscribed or **exposed** on or at any window or other part of the Building, except such as may be permitted pursuant to the terms of Declaration and/or the By-Laws or shall have been approved in writing by the Condominium Board or the Managing Agent. Nothing shall be projected from any window of a Unit without similar approval.

20. All radio, television or other electrical equipment of **any** kind or nature installed or used in each Unit shall fully comply with all rules, regulations, requirements and recommendations of the New York Board of Fire Underwriters or **successor** organization, if any, and the public authorities having jurisdiction, and the Unit Owner **alone** shall be liable for any damage or injury caused by any radio, television, or other electrical equipment.

21. Water-closets and other water apparatus in the Building shall not be used for any purpose other than those for which they were designed, and no **sweepings**, rubbish, rags or any other article shall be thrown into same. Any damage resulting from **misuse** of any water closets or other apparatus in a Unit shall be repaired and paid for by the **owner** of such Unit.

22. Each Residential Unit Owner shall keep his or her Unit **and** its appurtenant Limited Common Elements, if any, in a good state of preservation, **condition**, repair and cleanliness in accordance with the terms of the By-Laws.

23. The agents of the Condominium Board or Managing Agent, and any contractor or workman authorized by the Condominium Board or the Managing Agent, may enter any room or Unit at any reasonable hour of the day, on at least one day's prior **notice** to the Unit Owner, for the purpose of inspecting such Unit for the presence of any vermin, **insects**, or other pests and for the purpose of taking such measures as may be necessary to **control** or exterminate any such

vermin, insects or other pests; provided that any such entry, inspection and extermination shall be done in a reasonable manner so as not to unreasonably interfere with the use of such Unit for its permitted purposes.

24. The Condominium Board or the Managing Agent may retain a passkey to each Residential Unit. If any lock is altered or a new lock is installed, the Condominium Board or the Managing Agent shall be provided with a key thereto immediately upon such alteration or installation. If the Residential Unit Owner is not personally present to open and permit entry to his or her Residential Unit at any time when an entry therein is necessary or permissible under these Rules and Regulations or under the By-Laws, and has not furnished a key to the Condominium Board or the Managing Agent, then the Condominium Board or Managing Agent or their agents (but, except in an emergency, only when specifically authorized by an officer of the Condominium or an officer of the Managing Agent) may forcibly enter such Residential Unit without liability for damages or trespass by reason thereof (if, during such entry, reasonable care is given to such Residential Unit Owner's property).

25. If any key or keys are entrusted by a Unit Owner, by any Family Member thereof, or by his agent, servant, employee, licensee, or visitor to an employee of the Condominium or of the Managing Agent, whether for such Unit Owner's Unit or an automobile, trunk, or other item of personal property, the acceptance of the key shall be at the sole risk of such Unit Owner, and neither the Condominium Board nor the Managing Agent shall (except as provided in Rule 24 above) be liable for injury, loss, or damage of any nature whatsoever, directly or indirectly resulting therefrom or connected therewith.

26. Unit Owners and their respective Family Members, tenants, guests, servants, employees, agents, visitors, or licensees shall not at any time or for any reason whatsoever, enter upon, or attempt to enter upon, the roof of the Building, except on designated roof decks set forth on the Floor Plans.

27. No occupant of the Building shall send any employee of the Condominium or of the Managing Agent out of the Building on any private business.

28. Any consent or approval given under these Rules and Regulations may be amended, modified, added to, or repealed at any time by resolution of the Condominium Board. Further, any such consent or approval may, in the discretion of the Condominium Board or the Managing Agent, be conditional in nature.

29. Complaints regarding the service of the Condominium shall be made in writing to the Condominium Board or to the Managing Agent.

30. The following rules shall be observed with respect to the Parking Spaces:

(i) Nothing may be stored in the Parking Space except a passenger automobile and items contained therein;

(ii) No more than one passenger licensed automobile may be parked or stored in a Parking Space;

(iii) Each passenger automobile must be maintained in a condition such that it does not cause damage to a Parking Space (i.e. from an oil leak or transmission leak);

(iv) No vehicle shall be permitted to be serviced, repaired, washed or otherwise worked on in a Parking Space except for changing a tire or charging a battery.

(v) No Parking Space may be painted by the Unit Owner nor signs placed thereon.